

TECHNICAL & FINANCIAL FILE

**SUPPORT TO INCOME GENERATING ACTIVITIES IN COAST AND
KIGOMA REGIONS**

TANZANIA

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ABBREVIATIONS

AFO	Administrative and Financial Officer
BEST	Business Environment Strengthening for Tanzania
BRELA	Business Registration and Licensing Agency
BRU	Better Regulation Unit
BTC	Belgian Technical Cooperation
CBO	Community Based Organization
CCAF	Coastal Community Action Fund
CDO	Cooperatives Development Officer
CMT	Council Management Team
CoET	College of Engineering and Technology
CSP	Country Strategy Paper (EC)
CVF	Coastal Village Fund
DANIDA	Danish International Development Agency
DC	District Council
DED	District Executive Director
DESEMP	District Economic and Social Empowerment Programme
DGDC	Directorate-General for Development Cooperation
DPO	District Planning Officer
EC	European Commission
EDF	European Development Fund
GoT	Government of Tanzania
IDCP	Indicative Development Co-operation Programme
IGA	Income Generating Activities
IEC	Information, Education, Communication
ISCPT	Innovation System and Clusters Programme Tanzania
ITA	International Technical Advisor
JAST	Joint Assistance Strategy for Tanzania
JCDC	Joint Commission on Development Co-operation
JLPC	Joint Local Partner Committee
KCDP	Kagera Community Development Project
LED	Local Economic Development
LGA	Local Government Authority
LGU	Local Government Unit
MACEMP	Marine and Coastal Environment Management Project
MDG	Millennium Development Goals
M&E	Monitoring and Evaluation
MFI	Micro-Finance Institution
MKURABITA	Property and Business Formalization Program (PBFP)
MKUKUTA	National Strategy for Growth and Reduction of Poverty (NSGRP)
MoFEA	Ministry of Finance and Economic Affairs
MNRT	Ministry of Natural Resources and Tourism
MTEF	Medium Term Expenditure Framework
MPEE	Ministry of Planning, Economy and Empowerment
NBC	National Bank of Commerce
NIGP	National Income Generating Programme
NMB	National Microfinance Bank
NPC	National Project Coordinator
NSGRP	National Strategy for Growth and Reduction of Poverty

NTA	National Technical Advisor
O&OD	Opportunities & Obstacles Development
OVI	Objective Verifiable Indicator
PB	Post Bank
PBFP	Property and Business Formalization Programme
PACA	Participatory Appraisal Competitive Advantages
PTF	Presidential Trust Fund
PRIDE	Promotion of Rural Initiatives and Development of Enterprises
PSD	Private Sector Development
PSO	Private Sector Organisation
RAS	Regional Administrative Secretariat (Secretary)
RS	Regional Secretariats
SA	Specific Agreement
SACAs	Savings and Credit Associations
SACCOS	Savings and Credit Cooperative Society
SIDA	Swedish International Development Agency
SIDO	Small Industry Development Organisation
SME	Small and Medium Enterprises
SoV	Source of Verification
TACAIDS	Tanzanian Committee on AIDS
TASAF	Tanzania Social Action Fund
TCCIA	Tanzania Chamber of Commerce, Industry and Agriculture
TNBC	Tanzanian National Business Council
UNHCR	United Nations High Commission for Refugees
UNIDO	United Nations Industrial Development Organization
VAT	Value Added Tax
VDC	Village Development Committees
VDP	Village Development Plans
WDCs	Wards Development Committees
WB	World Bank

EXECUTIVE SUMMARY

The Gross Domestic Product per capita in Tanzania is approximately one half of the average GDP in Africa. Many State enterprises and services were privatised or closed following structural reforms. Responsibility for initiating and implementing development projects at the Region and District level was devolved to Local Government Units. It was expected that with privatisation, micro-enterprises and IGAs would stimulate greater local employment and wealth creation. However, many larger businesses and lending institutions considered this sector unprofitable and risky so withheld technical, loan and support services. Districts with low resource endowments such as those in the project area were particularly affected.

The Project's Overall Objective is to "contribute towards improving livelihoods of the poor particularly in rural areas".

The Project's Specific Objective is "to create an enabling environment for income generating activities of the poor, especially women and youths, to improve their income, in six districts of the Coast and Kigoma Regions.

The project will achieve these objectives by providing support to government and non-government structures that enable potentially viable income generating activities to start and to grow without depending on charity or supply driven programme interventions or other unsustainable service provisions.

The Project will be coordinated by the Ministry of Finance and Economic Affairs (The Ministry of Finance and the Ministry of Planning, Economy and Empowerment were recently merged after a major cabinet reshuffle) and will be implemented by the Local Government Authorities in the following Districts that were selected on the basis of the high incidence of poverty in the population:

- Coast Region: Rufiji, Mkuranga and Mafia Districts;
- Kigoma Region: Kigoma Municipal Council, Kigoma District and Kibondo Districts.

The Project will focus on the following themes:

- Capacity building at District and Lower levels of Government on pro-poor local economic development
- Improving dialogue between all stakeholders involved in local economic development;
- Creating awareness in target groups on available opportunities for economic development;
- Creating and supporting existing structures to deliver adequate services to target groups;

To achieve the following results:

- R.1 Improved capacity of local government to facilitate pro-poor local economic development
- R.2. Improved capacity of business related service providers to respond to the needs of target groups
- R.3. Increased capacity of the target group to demand and access technical, entrepreneurial and business services

The Project will have a specific focus on the vulnerable and poor, particularly women and youth, in the six Districts that will be assisted. The Project will last 3 years.

The total Project Budget is €2,432,00. Of this, the BTC will make cash contribution of €2,162,000. During Project implementation, the MFEA will make an in-kind contribution of €150,000. Each District will make an in-kind contribution of €20,000, totaling €120,000.

ANALYTICAL RECORD OF THE INTERVENTION

DGDC intervention number	3002534
Navision code BTC	TAN 0501601
Partner institution	Ministry of Finance and Economic Affairs
Duration of Specific Agreement	5 years
Estimated starting date of intervention	January 2008
Partner's contribution	270.000,00 EURO(*)
Belgian contribution	2.162.000,00 EURO
Intervention sectors	Private Sector Development, Decentralisation,
Overall Objective	To contribute towards improving livelihoods of the poor particularly in rural areas.
Specific Objective	To create an enabling environment for Income Generating Activities of the poor, especially women and youths, to improve their incomes, in six districts of the Coast and Kigoma Regions (**)
Results	<ul style="list-style-type: none"> i) Improved capacity of local government to facilitate pro-poor local economic development ii) Improved capacity of business related service providers to respond to the needs of target groups iii) Increased capacity of the target group to demand and access technical, entrepreneurial and business services (***)

(*)The budget of this intervention is an addition to the budget of the districts. Since the project is entirely aligned to district systems, procedures and activities, the real contribution of the district is much higher, since they are providing the main resources.

(**) the specific objective as formulated in the identification “Increased incomes amongst the poor, especially women and youths in six districts of the Coast and Kigoma Regions through Income Generating Activities” was slightly changed

(***) three results were formulated

1. SITUATION ANALYSIS

Part of the information as presented in the situation analysis is taken from the identification study report “Project identification for support to income generating activities for Coast and Kigoma Regions –Final Report Ministry of Planning, Economy and Empowerment; 2nd May 2006, Dar Es Salaam” and from the study report “Reforming institutions aimed at improving the enabling environment for pro-poor private sector development – a Tanzanian case study” by MDF Training & Consultancy.

1.1 THE INTERVENTION ZONE

1.1.1 Kigoma Region

Kigoma is located on the shores of Lake Tanganyika at the North-western corner of Tanzania. It has four districts, including Kigoma-Ujiji municipality, Kigoma Rural, Kasulu and Kibondo (Figure 2). The total area is 45,066 km², of which 8,029 km² is covered by water and 37,037 km² is land. The land use pattern shows that about 27.1% of the land is under farming and grazing, 45.2% is covered by natural forest and other uses have taken about 9.9% of the land area.

The region has four agro-ecological zones, namely; The Lake-shore, Miombo, Intermediate and Highland zones. The Lake-shore Zone has adequate rain during most years and it supports production of paddy, cassava, maize, beans and production of palm oil. The main economic activity is fishing, although small-scale industrial activities and provision of services are also found in this zone. The Miombo zone receives adequate rainfall between 600-1000mm per year. It is covered with Miombo woodland and is sparsely populated. The main economic activities include cattle rearing, hunting, beekeeping and some agricultural activities. The intermediate zone is swampy providing great potential for irrigation if properly planned to avoid negative effects on the wetland. The common food crops grown here include cassava, maize, beans and sorghum/millet. Cash crops include cotton, palm oil, and tobacco. The Highland zone has more than adequate rains, about 1300 mm per year. This zone accommodates the Gombe National Park and surrounding forest reserves. Maize, beans and bananas are grown in this zone for food as well as cash, and coffee as a cash crop.

The population in Kigoma region engages mostly in agriculture (64%), industry (0.6%) and services (1.2%). About 33.6% of the population is unemployed or underemployed.

The population of Kigoma, according to the 2002 census, was 1,679,109, of which there were 142,533 households, with an average household size of about 7 members and an average annual population growth rate of 4.9%. The average household size is much higher than the national average of 4.8, while the average regional population growth rate of 4.9% is however close to the national average of 4.8%.

The per capita income was 125,593 Tshs in 2002, being lower than the national average, which was 256,608 Tshs in the same year (URT, 2003). Although this region is one of the poorest by most indicators of wellbeing, it has experienced a remarkable increase in the number of primary schools and enrolment rate. Nationally, primary school enrolment has increased gradually in the 1990s. Significant increases were then observed as a result of the implementation of the Primary Education Development Programme (PEDP) since 2001. There has also been significant rise in life expectancy and a fall in the infant mortality rate. Nonetheless, overall economic development remains slow, contributing an average of only about 3% to the national GDP.

Table 1: Demographic Information for Kigoma Region by District

District	Area (Km2)	Number of People			Percent (%)		
		Male	Female	Total	By Distr.	By Sex	
						Male	Female
Kibondo	16,058	199,752	214,025	413,777	25	48	52
Kasulu	9,324	298,294	328,448	626,742	37	47.5	52.5
Kigoma Rural	11,527	236,360	252,911	489,271	29	48	52
Kigoma-Ujiji Municipality	128	70,228	74,029	144,252	9	48.3	51.7
Total	37,037	785,855	850,097	1,635,952	100	48	52

Source: Census 2002 (Central Bureau of Statistics 2003)

Kigoma Rural has a total area of 37,037 km², of which 8,029 km² is water and big swamps at Nguruka as well as along the Malagarasi and Luiche rivers (Figure 3). The remaining 11,545 km² is essentially open woodland and shrubs. Dry land consists of 150,000 ha of grazing area, 404,150 ha of forest and about 136,227 ha are under crop cultivation, of which 81% is devoted to food crops and 19% to cash crops.

The economy is mainly agricultural where about 90% of the people engage in the production of food crops like maize, cassava, banana, rice and beans, as well as cash crops, which include coffee, palm oil, tobacco, groundnut and pineapples. The food crops are also sold for cash income. Fishing constitutes the largest source of income for more than 27 villages scattered around the lake. Industry and trade is insignificant and poor.

Kigoma-Ujiji Municipality is located on the shores of Lake Tanganyika covering 128 Km². The municipality also accommodates the regional capital. Kigoma-Ujiji was until 2004 a Town Council (Figure 3). Its physical characteristics and climate are similar to those described for the lake zone of Kigoma rural. The population size, as per 2002 census was about 144,252 people, of whom 51% were female and 49% were male. The people engage in food crop production of which cassava, maize, beans and paddy are most important. Fishing is another main economic activity. Beside these activities, the district boasts of a micro and small enterprises.

Kibondo District lies about 220 km north east of Kigoma town. It is the largest district in terms of land area, covering about 16,058 Km² (31% of Kigoma region). It has 4 divisions, 20 wards and 67 villages. The district has an average altitude of between 500m to 2300m above sea level (Figure 4). It receives bimodal rainfall, which range between 800mm –1600mm per year, with reasonably good distribution normally falling between October and June, with a short dry spell between January and early February. The wettest months are between March and May and the driest months are July – September. The district has three ecological zones, which comprise of: (1) The highlands, mostly hilly and adjoining the Republic of Burundi on the west. This is the most productive part of the district; (2) The intermediate zone is richly dissected by river valleys; (3) The lowlands occupying two thirds of the district is a ‘Miombo’ forest woodland and has been infested with tsetse flies. However, a great part of this zone has been reclaimed from this problem. In any case most of it falls within the Moyowosi game reserve, therefore not accessible for most productive activities except beekeeping, fishing and limited livestock production.

According to the 2002 census, the district is inhabited by 414,764 people, consisting of 255,357 (61.6%) Tanzanians and 159,407 (38.4%) refugees, with 4.8% annual population growth rate. Per-capita income of the district is slightly below the regional average of 154,000 Tshs. The majority of households (97%) depend on small-scale subsistence farming. Limited agricultural surplus is sold in local markets. There is also some limited export of agricultural produce (especially beans) to other districts and neighbouring countries (Rwanda, Burundi and the Democratic Republic of Congo). In addition to selling food crops, district agricultural staff and officials are currently promoting coffee, cotton, oil palm and tobacco as cash crops for the district. Efforts are also underway to expand the area under irrigation for rice production.

The district has identified a number of areas for investment. These include agriculture, natural resources, industry, mining and tourism. Although Kibondo District is dominated by near subsistence agricultural production, it stands out as having very promising opportunities both in small-scale industry and business entrepreneurship. It is quite rich in natural resources, has fertile soils and a very good climate and moderate rainfall distributed between October/November and May/June.

1.1.2 Coast Region

The Coast region has some of the poorest districts in the country, which include, Bagamoyo, Kibaha, Kisarawe, Mkuranga, Rufiji and Mafia (Figure 5). All districts lie along or off the eastern shore of the Indian Ocean, stretching from Bagamoyo district in north to Rufiji in the south. Dar-es-Salaam City, which used to be part of the Coast region lies in between. The intervention will be implemented in Mkuranga, Mafia and the Rufiji Disitrcets.

The vegetation of this region may be described as Savannah woodland, which has a few important rivers like Rufiji in the South and Ruvu in the North. The woodland areas have hard woods that are sources of timber and beekeeping activities. The woodlands are also important for cashew nut and coconut production. The low-lying swampy areas are used for rice production while less fertile areas allow production of cassava. Upland-rice, maize, beans bananas, groundnut, vegetables and fruits are grown in more fertile areas. It is estimated that there are 1.6 million hectares of land suitable for agriculture. However, only 299,100 hectares (or 18.6%) are under active farming. Therefore, there is great room for the farmers to enlarge their farm plots from the current average of 1 - 1.5 hectares in order to expand existing crops or accommodate new ones.

The total population in the Coast region is estimated at about 889,154 (URT, 2002). The region has about 200,920 households with average household size of about 5 persons and a population growth rate of about 5.4% per annum. Detailed demographic information is shown in the table below.

Table 2. Demographic Information for Coast Region

District	Area (Km2)	Number of People			Percent (%)		
		Male	Female	Total	By Distric t	By Sex	
						Male	Female
Bagamoyo	9842	114,699	115,465	230,164	26	50	50
Kibaha	1812	66,291	65,754	132,045	15	50	50
Kisarawe	4464	48,343	47,271	95,614	11	51	49
Mkuranga	2,432	91,714	95,714	187,428	21	49	51
Mafia	565	20,716	20,085	40,801	5	51	49
Rufiji	13,339	98,398	104,704	203,102	23	48	52
Total		440,161	448,993	889,154	100	50	52

Source: Population census, 2002

Rufiji District is located in the southern part of the Coast region and covers 13,339 km², of which 7,914 km² (59.3%) is covered by 20 registered forests including 625,000 ha under Selous National Park (Figure 6). The Rufiji River dissects Rufiji District across from west to the east and flows into the Indian Ocean via the Rufiji delta. The district is divided into three topographical zones; (i) The Rufiji flood plain is 130 km long and 7.35 km wide stretching from west to east and consisting of more than 13 ox-bow lakes. This zone provides potential for fishing/fish farming and irrigated agriculture. (ii) The Rufiji Delta is characterized by sandy alluvial soils and dense mangrove vegetation. (iii) The highlands extend from the north to the south. More than 483,870 hectares are suitable for agriculture but only about 90,000 ha (18.6%) are under cultivation.

Rufiji district receives on average 800 to 1200 mm of rain per year. There are two rainy seasons. The short rains (vuli) generally fall from November to January and the long rains (masika) commence in March going up to May or June. Drought has been an increasing problem during recent years causing uncertainty both for crops and livestock production. Flooding of the Rufiji has also been a source of water for fishing in ponds adjacent to the river as well as rice production that depends on floodwater. Drought, therefore affects all these productive activities.

There are 98 registered villages in the district. In 2002 there were 202,001 inhabitants of whom 51.6% are female. Average household size is 4.5, As much as 95% of the economically active portion of the population is engaged in agriculture (crops and livestock) and fishing. Main cash crops are Cashew nuts, cotton and simsim. Food crops are maize, rice, cassava, beans and various fruits, especially mangoes. These are also sold. For most of the crops there is very high annual fluctuation in production, due to drought or unreliable rainfall as well as annual changes in flood levels The remaining 5% of the economically active are employees in public and private institutions. There are some economic groups in the district including; 14 marketing cooperatives, 3 SACCOS, 13 cashew processing, 1 fishing group and one other group engaged in carpentry and harvesting forest products. The average annual per capita income of the district was Tshs 193,877 in 2002, being slightly lower than the Tshs 200,000 national average. The district is served by the highway from Dar-es-Salaam to Lindi, which passes across the district, from north to south; rural roads, however, are very poor. The district faces serious shortage of staff in the public sector due to un-conducive living and working conditions. The shortfall is up to 50% or higher in some departments.

Mafia District is an island along the coastline of Mainland Tanzania that occupies 972 Km² of which 407 Km² is dry land and 565 Km² is covered by water (Figure 7). The main island is surrounded by 6 small islets. These include Chole, Juani, Bwejuu, Mbarakuni, Shungimbili and Nyororo. About 62% of the land has sandy soils, while the rest is covered by sandy loam soils. The district has a bimodal rainfall pattern, which comprise of the short rains (Vuli) from October to December and the long rains (Masika) between March and June. Average family size is 4.1 persons. Mafia district has 20 registered villages.

Agriculture and fishing are the main economic activities of the people in the district, involving about 60% of the economically active population while the remaining 40% are involved in fishing. The area under agricultural cultivation is 26,000 acres, of which 17,000 are under cashew and coconut trees while the remaining acreage is under food crops that include paddy, cassava, sweet potatoes, bananas, vegetables and fruits (mangoes, citrus, pawpaw, and pineapples). Livestock keeping (mostly consisting of the small East African short horn zebu, goats, sheep and donkeys) occupies about 14,600 acres. The management of the local animals is poor and so is their productivity. Mafia is a major fishing centre along the Tanzanian coast, producing on average some 6,700 tones of fish annually. Its fish endowment has attracted a number of investors in the fishing industry, such as TANPESCA, SHAMEZ & PRIME OCEAN, who together produce on average 480 tones of processed fish per year, out of which 7.2% is exported.

Mkuranga District, borders the Dar-es-Salaam region in the north and northwest, Rufiji district is in the south and the Indian Ocean lies on its eastern boundary (Figure 8). The district covers 1,985 sq km of land and 447 sq km of water (total 2,432 sq km). Mkuranga receives bimodal rainfall consisting short rains (vuli) during November – January and long rains (masika) from March – June. The average annual rainfall ranges from 800mm to 1,000mm. According to the 2002 population census, Mkuranga has a total population of 187,428 people being 95,714 (51.1%) women and 91,714 (48.1%) men. The annual population growth rate is 3.5 and average family size is 4.6. Administratively, the district is divided into 4 divisions, comprising of 15 wards and 101 villages. The main income generating activity is agriculture, which engages about 85% of the population. The main food crops are cassava, rice, maize, sweet potatoes and beans. Its main cash crops are cashew nut, coconuts and fruits (pineapples and oranges).

Local chicken (up to about 360,000) constitutes the main livestock raised by most people. There are few local cattle (about 2,000 head) and even fewer dairy cattle (only about 600 head), dairy goat (up to about 260 head) and sheep (up to about 700 head). Another important IGA is salt production along the beach in Magawa, Kisiju and Shungubweni wards. In 2003/04 some 4,800 tons were produced.

The district has several economic groups both formal and informal. By 2004 there were 90 registered economic groups consisting of 40 marketing societies (rather inactive), 46 small industry associations (a bit active), 2 agricultural production associations (active); 4 SACCOS (active), 1 small –scale retailers' association (active) and 3 social associations (active). Mkuranga district has 595 km of road network, of which 110 km are of tarmac (part of the Dar es Salaam – Kibiti highway), 45 km are gravel regional roads, 218 km gravel and earth district roads while 222 km are earth village roads, of which only about 15 km of are passable all year round.

1.2 ANALYSIS OF POLICY FRAMEWORK

The main framework for this intervention is the National Strategy on Growth and Reduction of Poverty, called **Mkukuta** in Kiswahili. The Mkukuta recognizes the importance of economic growth to eradicate poverty, and while the strengthening of the government capacity is considered the key to achieving long-term growth targets, the importance of the private sector engagement to poverty reduction is also put forward. Besides the more macro-economic initiatives to attract foreign direct investment, the development of local economic initiatives is receiving more and more attention as one way to improve the living standards of rural people.

Tanzania is undertaking major efforts to support its decentralization process through extensive local government reforms. Likewise, the Local Government Reform, which is part of the Public Sector Reform, also provides an important element of the legal framework from an institutional point of view. The main goal of the latter is to improve the performance of the public sector by enhancing its accountability and service delivery. Delegating powers, functions and resources to the people in communities are key factors in the public sector reform strategy. Progress has been made within the area of fiscal decentralization with a formula based approach to health, education and agriculture. A modality for discretionary development funding at LGA level has been developed in the form of the Local Government Capital Development Grant (LGCDG).

The new phase of the Local Government Reform Programme which the Belgian Cooperation actively supports, states that: « According to the vision of Local Government Reform, and in line with the Vision 2000-2025 and MKUKUTA, the ultimate goal of the reform is increased capacity and efficiency of delivering services to the people, to foster local economic development and to alleviate poverty ».

The Local Government Reform Programme set up a three-tier system at sub-district level. These are the Ward, Village and Sub-Village (Kitongoji). At the village level, the institutions of governance are the Village Assembly and the Village Council. The Village Executive Officer, who is employed and paid by the District Council, is the leading executive official. The Local government (District Authorities) Act of 1982 and subsequent amendments established the basic elements of the administrative and governance framework at village level. These are important in the allocation of land-based resources for IGAs as well as maintenance of law and order for successful implementation of IGAs.

Districts' economic development plans tend to take a participatory approach. This is a bottom-up approach that integrates plans at the lower (village and ward) levels to the district plans. IGAs groups therefore may participate in the district plans through giving their inputs at the village or ward levels.

Decentralisation has transferred considerable responsibilities to local governments but as yet without all necessary resources. Local governments are encouraged to develop their own local fiscal base enabled by a parallel fiscal decentralization process. Creating an adequate resource base requires above all that the local economy should flourish. As a result, local governments take an increasing interest in local economic development.

There is an acknowledgment by the local and the central government of the need for targeting women and youth and specific instruments have been put in place: for example the district credit fund for women and youth and the special seats for women in elected district and village councils.

A number of sectoral policies, strategies and programmes related to private sector development, economic growth and income generation have been elaborated by the central government such as Mkurabita, SMEDPolicy, Trade policy, Rural Development Policy, Micro-

finance policy, BEST programme... Other examples include the ASDS and ASDP for agricultural transformation and the SWAP for forestry and Beekeeping.

They provide a good framework for implementation of economic development at local level. However, there is an overlap between the different policies and programmes; there is little coordination between the different ministries and institutions in charge of these different policies and programmes and their knowledge and understanding at local level is often still weak.

As a conclusion, the government of Tanzania has established policies that cover different aspects governing IGAs. Relevant sector strategies have also been developed along with their implementation programmes. Along with these, the government of Tanzania has taken the initiative to restore local ownership of the development process, while promoting partnership in designing and executing development programmes that are carried out with external assistance.

Despite all these efforts to improve governance, participatory assessment of the PRS (P), which has been done annually since 2003, has revealed that bureaucratic barriers still stand out as a main limiting factor to entrepreneurs, particularly in relation to licensing procedures, complicated tax systems, corruption and harassment of small businesses. While efforts continue to address these shortcomings under the Local Government Reform and the Civil Service Reform programmes, the problems continue to overshadow the intended good effects of improving governance in order to provide a conducive environment for IGAs to operate and grow.

While the current regulatory environment is difficult for medium and large-scale formal sector firms, it is largely inappropriate and irrelevant to micro and small-scale informal businesses. It is virtually impossible for small businesses to operate legally. Consequently, the current environment encourages businesses to remain small and informal. Besides the fact that informal sector entrepreneurs often cannot operate without permits and do face regulatory constraints, they also have to deal with insecure and inappropriate working places, harassment by authorities and limited access to utilities and other inputs and services. The tax regime is complex, in particular with respect to the effects of VAT on poor people, and the dissemination of information on taxes, regulations, and procedures is still poor.

1.3 ANALYSIS OF INSTITUTIONAL AND ORGANIZATIONAL FRAMEWORK

The context of local economic development has radically changed in recent times. Previously local development conditions were shaped by central government agencies and the lives of farmers depended on parastatal agencies that provided or were supposed to provide key inputs (seeds, fertilizers, tools). Government determined prices of crops and bought up cash crops through marketing boards. Little was left to a free market and to individual peasant decision-making.

Small enterprises continued to be partially repressed by the state and were rather inadequately served by central government. As many people moved into self-employment, SME's became survival based, sharing poverty rather than generating economic growth.

A liberalized economy in combination with a decentralization-by-devolution process changed this general local economic context.

The business environment is now changing from being heavily regulated by central government and run by public institutions into one in which there is less regulation but where business supporting systems are lacking.

1.3.1 Government Ministries

The Department of Poverty Eradication & Economic Empowerment of the Ministry of Finance and Economic Affairs, which is to be the principal partner at national level, is through the oversight of the NSGRP and other policies as the NEEP, the BEST and the Mkurabita(PBFP) closely connected to the coordination of IGA interventions in the country. Embedding the IGA intervention in the Department for Poverty Eradication & Economic Empowerment within MFEA offers opportunities to strengthen the linkages from local to central level to replace the more traditional top-down relations and to enhance the capacity of central MDA's to stimulate, backstop and oversee the decentralization process in their respective area's of competence in a eyes-on but hands-off way.

The Prime Minister's Office Regional Administration and Local Government (PMO-RALG) coordinates the decentralization process in Tanzania. The PMO supervises the entire Local Government Reform Programme (LGRP). However this Ministry is mainly concerned with nation wide reforms and less with individual council interventions.

The IGAs cut across several sectors of the economy including agriculture, industry, mining, tourism, water and infrastructure – among others. The respective technical ministries therefore have various direct and indirect roles to play in the IGAs project. At the ministerial level the major role is one of issuing policies, rules and regulations and overseeing their implementation.

Important ministries with regard to pro-poor economic development is Ministry of Agriculture and Food Security and Cooperatives (MAFSC) that has the oversight of the Agricultural Sector development Strategy (ASDP) and the Ministry of Trade, Industry and Marketing (MITM) that has the oversight for the implementation of the national SME development policy. In general, there is limited co-ordination among the ministries and an overlap of the various policies and strategies they are responsible for.

1.3.2 Local Government authorities

In the light of the decentralisation policy, LGAs were given the overall responsibility for stimulating local development. Most activities are done at the district level, while the regional offices perform a secretarial and advisory role. The District Executive Director operates under an elected district Council and reports directly to the Presidents office. All District level officers responsible for trade, agriculture, cooperatives, livestock, labour, community development, etc. report directly to the DED.

The District Management Team (DMT) is the principal management structure at the district level. All technical department heads are DMT members and it is chaired by the District Executive Director (DED).

The definition of roles of actors in promotion of pro-poor local economic development is still unclear. Although there is an increasing attention by the LGAs on need for outsourcing government tasks to civil society organisations and private sector, the coordination and the dialogue between public and private sector at local level is still weak. Traditionally the local government authorities still have a more controlling attitude instead of a facilitating and service oriented role with respect to private sector development. National laws, policies and regulations are not adequately translated at the local government level. Their capacity in terms of skills, staff, knowledge, systems and experiences in supporting private sector and income generating activities will need to be strengthened.

Several recent developments offer opportunities to explore new approaches to stimulate local economic development:

- The institution of the District Coordination Committee to provide a dialogue platform for government-civil society and private sector interaction;
- The greater autonomy the districts have in the procurement process, offering more business opportunities to local businesses and stimulating the start of new businesses;
- The new village land act, which allows to hold land as collateral against loans;
- The increased availability of discretionary funds at district and lower level; government to finance the stimulation/promotion of local economic development;
- The fiscal decentralisation which allows Districts greater autonomy in collecting revenues from new sources, but also allows for local tax laws to encourage investments in economic ventures;
- The institution of regional and district business councils.
- The formalisation of the registration process of civil society organisations and business organisations at district level;
- The extended investment programmes to improve infrastructure;
- The vastly extended mobile telephone network and internet infrastructure;
- The proliferation of business organisations (Chamber of Commerce, Investment Centres, business associations) from central to local levels;

Under the Local Government Reform Programme the role of the Regional Secretariats has changed considerably and has been limited to an advisory and coordinating role only, without executive powers. The regional secretariats are expected to develop inter-sectoral collaboration and coordination in order to improve rational resource utilization and increase efficiency. Staffing of the departments varies widely, but in general there is a significant understaffing of the departments. In the next phase of LGRP the regions will get more attention in bringing their staff up to the required levels and capacity. At the moment there is some difficulty in delimiting respective roles between RS and DC, and the regional level is often seen by district-level officers as a bureaucratic bottleneck rather than facilitator. This is mainly due to the lack of balance between supervision and facilitation roles, and poor communication channels. Coast and Kigoma region both have a Regional Economic Advisor (previously called the Regional Planning Officer) as Head of the Economic & Development Support Services. They will provide technical back stopping to the LGAs, monitor implementation of District development Plans, and provide regular progress reports to PMO-RALG, and ensure that local level plans and activities are in line with national policy and legislation.

1.3.3 Private sector organizations

The capacity of private sector organisations in business service delivery is limited, especially in reaching the more disadvantaged groups. Service providers such as banks, microfinance and savings and credit institutions, and training and advisory services are generally located in urban centres and therefore present difficulties of access for rural entrepreneurs. Their cost structures are often geared towards provision of short-term working capital to finance mainly existing trading activities (no productive entities) with weekly or biweekly loan repayments.

There are many different business associations in Tanzania, which responsibility is to advocate for their members' rights and provide such services as business information and advice. The Tanzanian Chamber of Commerce, Industry and Agriculture (TCCIA) is the organization that reaches out to the widest network of micro, small and medium sized enterprises; it has branches in all mainland regions, and some 70 district branches. However, even TCCIA only represents a fraction of private sector entrepreneurs, with a strong bias for medium to large urban based manufacturing, trading or service delivery enterprises, as opposed to the agricultural or informal sector. The position of other associations of micro and small enterprises, like FAWETA

(Federation of Women Entrepreneurs in Tanzania) and TAFOPA (Tanzanian Food Processors' Association) is even worse than that of TCCIA, and have few regional branches of which most are anyway inactive.

The installation of the Regional Business Council, bringing together the district authorities, NGO's and private sector and charged with the creation, promotion and coordination of the support for Local Economic development, is quite recent and their functioning in the intervention zone will have to be analysed at the start of the intervention.

A capacity assessment of the various private sector organisations will be done at the start of the intervention in each intervention zone.

1.3.4 Micro-Finance institutions

The development of the micro-finance industry has relied heavily on donor-supported projects, NGO's, government projects and SACCOS.

Financial institutions are yet to evolve a significant capacity to respond to the needs of rural clients whose income generating activities are small and often agricultural. They do not understand the culture of small firms. Their approaches are mainly modelled on the needs and features of corporate entities. Many financial institutions have very basic, traditional products in urban areas. They also have limited access to long-term finance, and this explains why they do not have long-term finance products for clients. There is also a serious problem of mistrust by banks of their loan officers, a factor that subjects loan processing to long and cumbersome bureaucratic processes, even in small private banks.

In the recent past, an increasing number of these institutions have started working with smaller firms, driven by stiff competition for the few corporate clients and prospects in the growing SME sector. As of now, they are still struggling to learn and develop viable models for reaching out to small and micro- enterprises. There is cutthroat competition for the few officers who have acquired experience in working in this area, financial service providers hesitate in investing in human resource development because trained staff are quickly snatched by competitors.

Micro-finance institutions are serving a growing number of informal and micro/small enterprises. However, their products are quite few and limited to the needs of those who require very little sums of money and whose opportunity cost of time is so low that they can afford to spend many hours every week attending meetings in return for the possibility to borrow a small amount of money. There are other financial products, which are required by small businesses, but they are currently not always available.

A few guarantee schemes have been introduced, but these have limited outreach. Also these schemes address only one constraint – which is collateral.

Lack of business skills and understanding of many borrowers with respect to the nature of a loan, interests, comparison between different available loans, record keeping etc., remains a major problem that will need to be addressed at the same time.

The establishment of small rural agencies would make it much easier for rural micro and informal enterprises to have access to credit. It would also allow room for the development of schemes more suitable to the agricultural sector, allowing interest and loan repayment in line with seasonal activities.

Micro credit delivery mechanisms:

In Tanzania, the following methodologies are dominant:

Group lending: this methodology is used by most MFIs. Credit is delivered to groups that guarantee loan. Peer pressure becomes a substitute for collateral (i.e. there is a joint liability for the whole group). The loan can be disbursed to either an individual member of the group or the group itself, which in turn provides the loan to individual members.

Individual lending: credit is delivered to individuals according to their ability to provide the MFI with assurance of payment and some level of security. Institutions practicing this methodology include NMB, CRDB Bank Ltd., and all community banks.

Wholesale lending: credit is extended to micro-finance institutions, which in turn lend to retail clients. CRDB Bank Ltd., SELF project and NIGP are involved in wholesale lending

Guarantee Schemes: Whilst the need for guarantees and alternative financing products is very great, there are few initiatives to address this, all of which are donor supported. An example is the CRDB Bank Small Business Guarantee Fund and the Mtaji Fund, both supported by the Netherlands.

The success of these schemes depend on the continuation of thorough risk assessment and a good auditing mechanism to prevent abuse of the guarantee schemes, both by credit officers of these institutions, as well as potential borrowers.

1.3.5 Donors and NGOs

Many donors and NGOs support income generating activities or private sector development programmes. However, coordination between the different donors or NGOs is lacking, leading to overlap and omissions. Furthermore insufficient mechanisms are in place to ensure dissemination of lessons learnt and recommendations of these interventions to feed into other related programmes and policies.

Research conducted in Tanzania¹ show that most development interventions historically are geared to medium and large enterprises, and that measures put in place for this segment of the business community may not necessarily benefit smaller enterprises, entrepreneurs from the agricultural or the informal sector, where most of the poor are employed.

1.3.6 Associations /Income generating groups

There is a shortage of associations that represent the diverse issues of specific sub-sectors or product groups and of poor entrepreneurs from the agricultural, informal or micro-sector, which can adequately voice the concerns of their members and thus become a serious dialogue partner. The existing associations, especially these of marginalized groups are weak. The departure of “key” group members due to marriage or family relocation often affects the cohesion of women groups. Women group members in particular face time and resource constraints and have fewer opportunities to identify profitable marketing opportunities.

Micro and small enterprises, entrepreneurs operating in the informal sector, as well as entrepreneurs from marginalised groups such as women or youth, experience considerably more constraints in accessing information and business development services. This because the costs involved is prohibitive, or they lack the capacity to understand the implications of change in rules and regulations and to make their voice heard by the relevant authorities.

¹ MDF training and consultancy report “Reforming Institutions aimed at improving the enabling environment for pro-private sector development; Nov 2005

1.4 PROBLEMS AT GRASS-ROOTS LEVEL

Despite the immense opportunities for developing micro and small enterprises, almost all have remained informal or semi-formal, serving the low-income segment of the population for which there is very stiff competition among the businesses. Their access to formal markets and incidence of upward mobility is quite limited. The main problems faced at grassroots level can be summarized as follows:

1.4.1 Low awareness and capacity

One of the most debilitating constraints is limited awareness and capacity of existing and potential business operators, in terms of exposure, values, attitudes, knowledge and skills. The result is that most simply duplicate what their neighbours are doing and do not appreciate the importance of innovation, quality, credibility and customer-care. There is a general low level of education among the population in all the six districts, including the majority of the IGA operators. Many of them have hardly received any technical training, nor have had access to information and business services.

1.4.2 Inadequate financial capital

Access to finance is always mentioned by potential and existing SME operators as the most serious barrier to business start-up or growth. However, what is reported as “lack of funds to start or run a business” is sometimes a symptom of limited capacity to articulate and present ideas to appropriate financiers, failure to attract enough customers or poor management of finances. Nevertheless, it is a reality that there exists a wide gap between the existing financial intermediation frameworks (assumptions, approaches, methodologies, regulations, outreach) and the reality of SMEs. Formal financial institutions and regulations require professionally prepared loan proposals presented by credible, formally licensed and traceable applicants and backed by recorded business history and collateral. The reality of SMEs is different: most are extralegal; few appreciate the need to keep records or build credibility; have no licenses, do not have collateral and cannot afford to or do not appreciate the value of the services of consultants. There is no access to start-up capital from any formal financial institution.

Moreover, most of the small (future) business operators lack savings and there is a general absence of savings and credit societies in most of the areas in the intervention zone.

Some IGA operators, in particular women and youth, may not be permitted to retain and reinvest their cash earnings due to cultural restraints.

1.4.3 Use of poor technology

Most of the operators (small-scale farmers, SME owners, artisans and small-scale processors) are using very outdated technology, resulting in low quality products, or products with low added value.

For small-scale industries, the IGA operators and even the extension supporting staff are not aware of the range of technological options available due to limited exposure and lack of information. As a result their products are of poor quality and they do not correspond to the market demands.

The most common reason given for using poor technology is that the operators cannot afford improved technology or that the technology is not always available. Availability of inputs and tools

is affected by poor transport and limited capacity of local traders. Moreover, when such inputs are available, they are very expensive due to high transport and other marketing cost.

1.4.4 Limited access to of Natural Resource

In all the districts the main productive sectors were agriculture (including crops and livestock), fisheries and forestry. However, the land being actively worked by each household is quite small, hardly more than one hectare on average. Small rural entrepreneurs often face problems of low levels of ownership of land and weak tenant rights. In the case of forest products including timber, charcoal and honey, the area allowed for harvesting is limited since a good part of the forested land is protected.

1.4.5 Poor infrastructure for transportation and communication

Poor transport and communication infrastructure are identified as major impediments to good performance of IGAs, affecting both the supply of inputs and the distribution of outputs. In almost all the districts there are poor road networks, scarcity of transport facilities, inadequacy of input distribution and product collection centres, unreliable electricity, unreliable water supply, and/or unreliable phone network. As a consequence, production costs increase considerably, and marketing becomes much more difficult.

The need to expand and consolidate communication infrastructure for better marketing of products remains a major challenge.

1.4.6 Poor access to markets

Poor access to markets was observed to be a main constraint facing all business operators in the six districts. Market linkages are weak; there is generally poor access to information on prices, traders, market opportunities etc. Furthermore, poor market-, transport- and communication infrastructure is also an important factor in market access.

Both Regions are linked by major highways to large markets (Dar Es Salaam, urban Kigoma and Mwanza). However market trading is still largely dependent on the initiative of external buyers.

There is major trading in basic foodstuffs and other commodities between Kigoma District (Urban and Rural) and the Democratic Republic of Congo as a result of Congolese traders crossing Lake Tanganyika to purchase on Tanzanian markets. Purchases are paid in US dollars, and this trade results in significant inflows of hard currency into Kigoma. Producers in Kibondo District in Kigoma Region, also supply markets in neighbouring Burundi. However, this trade results principally from the enterprise of cross-border traders purchasing on Tanzanian markets.

1.4.7 HIV/AIDS

HIV/AIDS affects both men and women. The ramifications of HIV/AIDS on IGAs is in terms of direct loss of labour through death, prolonged illness or lost working time of family members (especially women) who care for the sick and low productivity of the infected due to lower body vitality. All these lead to reduced household income and reduced food security. In many cases, the youths have been left as de-factor household heads (following the death of both parents). They have to bear responsibilities that are beyond their scope, with serious long-term psychological impacts. In Mkuranga district, the Kiwalani women group supports orphans by providing them with uniforms and paying for their school fees. But the burden on this group of women is overwhelming, considering that they are themselves poor. Supporting IGA that are undertaken by such groups would help alleviate some of their financial constraints. Another problem related to

the HIV/AIDS pandemic is the stigma associated with caring for those who are infected. It is therefore recommended that HIV/AIDS related issues should be mainstreamed into the project, particularly focusing on the affected, who form the productive labour force, providing livelihood and care to the infected.

1.4.8 Natural resource degradation

The ongoing environmental degradation, which undermines the natural resource base for future use, is becoming a serious problem. It is worsened by the high level of poverty and the dire need for survival, which forces many people to pursue only short terms needs for their immediate survival. At the local level negative practices include uncontrolled tree cutting, forest fires, soil erosion, use of illegal fishing methods and gear and illegal hunting. All these have had a negative impact on the productivity of natural resources based IGAs. This is coupled with poor supervision of laws that govern natural resources use. There are a number of external factors that further reduce the potential of the natural resource base, which include drought, which has a direct bearing on IGAs that fall under crop and livestock production as well as harvesting natural resource products.

2. STRATEGIC ORIENTATIONS

2.1 PRINCIPLES AND MAIN STRATEGIES OF THE INTERVENTION

The intervention will support the government in the implementation of goal 2 of the MKUKUTA “promoting sustainable and broad-based growth”. A number of recent developments in policy making and implementation, coupled to a new awareness by the government that social service delivery is not sustainable without rigorous economic development, the environment for income generating activities and the development of small scale enterprises is becoming more and more favourable. However, the implications of many of the new developments related to the promotion of economic growth are as yet not fully absorbed in the district administrations.

Local economic development (LED) is a process in which partnerships between local governments, community-based groups and the private sector are established to manage existing resources to create jobs and stimulate the economy of a well-defined territory. The creation of this partnership of state and non-state actors contributes to the democratization process and accountability of local governments to their citizens. It is a process where the outcome is to stimulate the local economy and where the real objectives include, among others, job creation, poverty reduction/alleviation and the reduction of social exclusion.

It is only in the overall growth of the local economy that specific vulnerable groups, like women and youth entrepreneurs can expect to achieve sustainable improvements in their livelihoods by entering into Income Generating Activities.

This intervention wants to contribute to the exploration of innovative ways in the promotion of local economic development, capitalize and share experiences and in that way contribute to better local policies. It is making as much use as possible of the present overall drive of the Government to stimulate economic development and the provisions of the above-mentioned policies. The envisaged project seeks to connect to existing structures and tries to strengthen these to create an enabling environment for IGA's to develop.

Defining the relevant activities and their implementation modalities and the planning and budgeting in each district through multistakeholder meetings is part and parcel of the process. The first 6 months will be mainly used to put up and implement the baselinestudy and based on the results to define the most relevant activities in each district.

The Support to Income Generating Activities in Coast and Kigoma Regions is based on the principles of the Joint Assistance Strategy of Tanzania and the Paris Declaration to which the Belgian Cooperation adheres. These policies infer a.o. that the bi-lateral interventions should not concentrate on providing services to the IGA's but rather create structures to provide these services in a sustainable way.

Principles

- Aligning to the framework provided by the Mkukuta
- Exploring opportunities offered by the on-going decentralization process;
- Seeking close cooperation and exchange of information with other similar interventions;
- Seeking close interaction and synergies with other Belgian interventions in the same geographical area;
- Through the implementation of the policy at local level, contribute to the policy dialogue at different levels (local, regional and national level);

- Focusing on strengthening public and private actors and their interaction, not on direct service delivery;
- Limit to activities that can be implemented in the envisaged intervention period (3 years).
- Linking public (administrative and political), private sector and civil society in a holistic approach in local economic development;

Principal strategic axes

- Promotion and facilitation of horizontal coordination and dialogue between private and public sector;
- Facilitation of translation of experiences and best practices at grassroots level into government policies, strategies and programmes through improved vertical dialogue.
- Definition of competitive economic advantages as the basis for sustainable local economic development
- Strengthening of institutional and organizational capacities (public and private) to facilitate pro-poor growth;
- Facilitation of development of processes and instruments to address the specific needs of traditionally marginalised groups in society with regard to income generation;
- Implementing of quick wins as a basis for “learn as you go” development methodologies

2.2 BENEFICIARIES

2.2.1 The target group of the intervention

By contributing to an enabling environment for income generating activities and local economic development, all entrepreneurs of the districts will in principle be able to benefit from the intervention. However, the intervention will pay special attention to improve the situation of small entrepreneurs that find themselves in a more disadvantaged position, facing specific constraints and having specific needs to develop their business or income generating activities. These are:

- Small entrepreneurs living in rural areas (without excluding the urban areas);
- Women entrepreneurs;
- Young entrepreneurs (between 15 and 25 years);
- People affected by HIV/AIDS;

These groups of entrepreneurs will be further called “target group” throughout the document.

The targeted entrepreneurs or operators of income generating activities can be grouped into two major categories, (i) those whose activities are natural resource based and (ii) those whose activities are defined as small-scale industries and small-scale trading. Their respective characteristics are briefly discussed below.

Operators of natural resource-based IGAs

These are basically smallholders, using their plots for subsistence and small-scale cash cropping often employing low level of technology and tools. In the case of food crops such as maize, cassava and beans, most of the field work is done by women. Men often dominate in the production of cash crops, especially in marketing and deciding on use of proceeds from sales. These operators are generally characterised by a low level of education and very low income. Some members of this category may own cattle; these will often be indigenous species, characterised by low productivity and low quality products. The livestock owners tend to be older men, but with a low education level. Although they may enjoy a high social status in terms of wealth ranking by

local standards, their quality of life in terms of housing, clothing and education for their children is in most cases quite low. Production of smaller stock, especially chicken, but to a lesser extent also goats, and sheep also involve women and children (male and female).

There are very few farmers who keep improved cattle and poultry, and they are generally confined to urban centres. For the urban residents, dairy farming is often done by people who are employed in the formal sector (public and private) and owners of businesses, since they can mobilize the requisite capital through savings or credit.

Those engaged in forest products are men, except in beekeeping where there are both women and men. Similarly, in artisanal fishing, the actual fish harvesting is done by men. Women are mostly involved in processing (frying and sun drying) and trading. But, they tend to handle lower volumes and trade within shorter distances compared to men. But, whenever improved technology is introduced, men became more involved in what would typically be women's activities for income generation.

Operators of wood related IGA including timber, logs and charcoal tend to be dominated by young men. However, there are a few women who are involved as traders. In most cases traders of these natural resource products reside in urban centres. They only provide the working capital including transport and tools. They also undertake close follow-up of the operation. People who do the actual harvesting of logs, timber or charcoal are generally very poor. They receive very low wages and live under very poor conditions. Often they take credit from their employers or buyers of their products, which puts them in a state of being perpetually indebted. This is particularly true of charcoal and timber sawing. They also have very low levels of education.

Operators of Small scale businesses and industries

The operators of small and medium enterprises (SMEs) and small-scale industries are both men and women. Most of them have acquired skills through on-the job training. Only a few have attended formal training in recognised institutions. Large ventures of such IGAs are dominated by men. Women dominate in IGAs that deal in clothing and fabrics as well as food vending and small scale food processing. Within this area women also constitute a higher proportion of credit recipients both in number and volume. Farming has been the main source of operators' own savings to finance both the small –scale Industries and the small-scale trading.

2.2.2 Direct beneficiaries:

Institutions and organisations having a stake in local economic development through improving their capacities in promoting and implementing pro-poor local economic development, and improve their services to the target group:

- Local Government authorities;
- Private sector organisations (TCCIA, SIDO, micro-finance institutions...);
- Civil society organisations (associations, cooperatives, local NGOs...).

IGA groups and entrepreneurs that are part of the target group:

- through funding directly some activities related to developing their income generating activities (district funds for Innovation, funds for outreach financial services...). Criteria will here be applied to ensure the target group is reached;
- through increasing their access to adequate service delivery from government and private sector (group formation and strengthening, information, etc.).

2.2.3 Indirect beneficiaries:

- All entrepreneurs in the intervention zone through better and more adequate service delivery from government and private sector;
- Families, dependents of entrepreneurs and IGA groups, through increased incomes for the family;
- Local Government Authorities and their communities by increasing revenue collection.

2.3 PRINCIPAL PARTNERS

As the project will be implemented within the framework of the Mkukuta and the local government reform programme, **the Local Government Authorities (LGAs)** will implement the local level activities under the leadership of the District Executive Directors (DED).

The **MFEA**, through the department of Poverty Eradication & Economic Empowerment is responsible for the general overview and coordination of the intervention and for ensuring the dissemination of results and lessons learnt.

At District level, the DED will delegate with day-to-day responsibility to the District Management Team. All activities implemented at district level and funded under the project will be embedded in the District Development Plans (DDPs). The District Planning officers will be responsible for ensuring that all such activities are mainstreamed into the District planning, implementing and reporting procedures. The National Advisors of the intervention, and punctual technical backstopping will provide support to capacity building of the implementing District teams.

The Regional Secretariats of Coast and Kigoma regions will implement their institutional role in monitoring and evaluation of the DDPs including the local economic development activities, providing administrative support to the LGAs.

At village level the project will support the incorporation of income generating activities in Village Development Plans, submitted by the Village Development Committees (VDC) so as to ensure the bottom-up incorporation of the needs of income generating groups in the development planning.

The districts will outsource and strengthen specific services through partnerships with private service providers such as TCCIA, SIDO, R&D organisations, Micro Finance Institutions, etc.

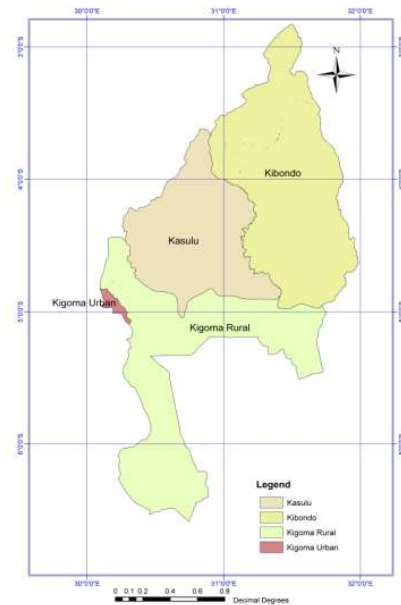
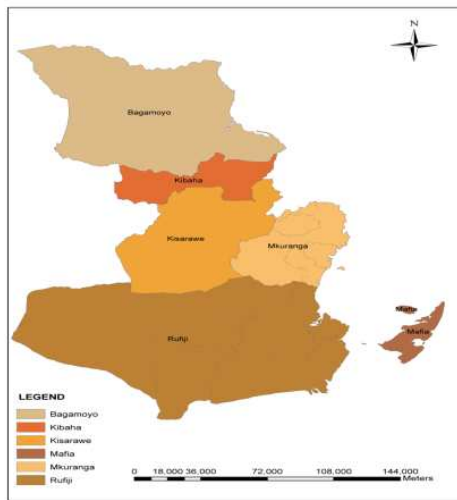
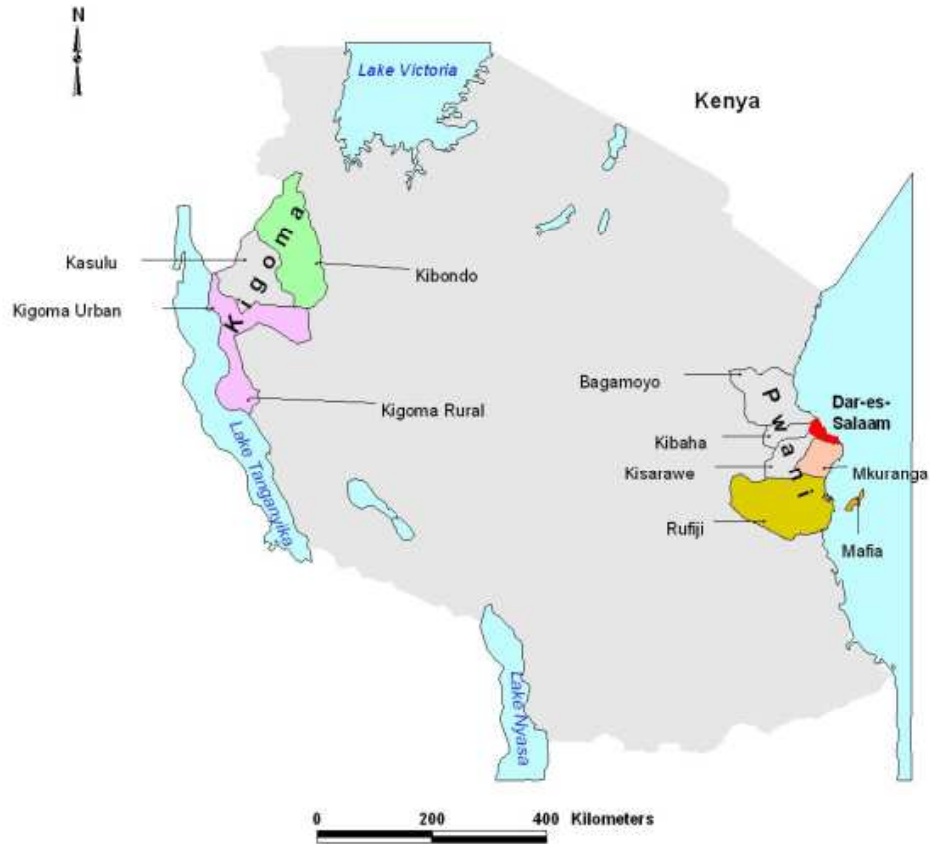
2.4 ZONE OF INTERVENTION

The intervention area comprises six districts in two Regions, selected for the high levels of poverty in the population.

- Coast Region: Mafia, Mkuranga and Rufiji Districts;
- Kigoma Region: Kigoma District (rural), Kigoma Municipal District (urban) and Kibondo District.

The Regions are located over 600 km apart. The Project area comprises one island District (Mafia), four districts on the mainland, predominantly rural (Kigoma, Kibondo, Rufiji and Mkuranga), and one urban District (Kigoma Municipality). The total land area is 44,000km² and the total population some 1.5 million inhabitants. Population density varies between 15 inhabitants per km²

in Rufiji District, 78 inhabitants/km² of Mafia Island and 1,100 inhabitants/km² in Kigoma Municipality.² Map Intervention area:



² Summary of the Coast Region Profile, Office of the Regional Commissioner, August 2007; Kigoma Regional Socio-economic Profile, 2007

3. INTERVENTION FRAMEWORK

3.1 GENERAL OBJECTIVE

The general objective of the project is “ To contribute towards improving livelihoods of the poor particularly in rural areas”.

3.2 SPECIFIC OBJECTIVE

The Specific Objective of the Project:

“To create an enabling environment for income generating activities of the poor, especially women and youth to improve their incomes, in six districts of the Coast and Kigoma Regions

3.3 EXPECTED RESULTS

The intervention wants to contribute to the implementation of Mkukuta cluster 2 “promoting sustainable and broad-based growth” through empowering and strengthening local authorities, institutions and people living in the districts with necessary tools and skills required to participate in the increasingly competitive global environment in which small enterprises currently face themselves in Tanzania.

The three expected Results of the Project comprise:

- R.1 Improved capacity of the local government to facilitate pro-poor local economic development
- R.2. Improved capacity of business related service providers to respond to the needs of the target group
- R.3. Increased capacity of the target group to demand and access technical, entrepreneurial and business services

3.4 ACTIVITIES

R1: Improved capacity of local government to facilitate pro-poor local economic development

A.1.1 Elaboration of a baseline and set-up of M&E system.

At the beginning of the intervention, a baseline will be conducted in each district, to have a more accurate view on the type of constraints faced by the target group with regard to income generating activities, the socio-economic profile of vulnerable groups, the number and functionality of existing business or income generating groups, unemployment rates, the type of business related services that exist, the knowledge and understanding of local economic development by local authorities, existing coordination mechanisms between public and private sector and civil society and their functionality etc. The baseline will be done from a gender-and youth perspective.

Environmental issues (such as land use...) and impact of HIV/AIDS prevalence on the local economic activities will also be taken into account. The baseline will be the foundation for intervention decisions and for setting up the Monitoring and Evaluation System.

The exact modalities of the database (content; how to collect routine data; connection to existing databases etc.), and how to use the data for planning purposes and more in general for the development and promotion of local economic development is to be decided by stakeholders in special session workshops under the guidance of consultants contracted for the purpose.

A.1.2 Mapping of economic opportunities in the intervention area and identify priority local economic activities.

In order to address opportunities and obstacles in Local Economic Development, LGAs and other stakeholders need a good overview and understanding of the economic opportunities and competitive advantages in the district and in the region. Economic opportunities are not always related to an administrative boundary, but can also be related to a geographical boundary, reason why it is important to involve the regional level in this activity.

Local Economic Development is a process in which local people are involved, responsible for and control the identification and harnessing on resources and opportunities to generate sustainable jobs and economic activities in response to local needs and initiatives, in a way, which is culturally, environmentally and socially acceptable to the community as a whole.

The PACA (Participatory Appraisal of Competitive Advantages) methodology (see annex 4), developed by GTZ and also used by the Finnish funded DESEMP programme in Lindi and Mtwara, can be considered as a tool to map economic opportunities and identify priority local economic activities in a participatory way. The economic mapping and identification of priorities will be done from a gender and youth perspective, since economic opportunities can be very different for men and women.

The existing Village Development Plans, which are compiled at ward level and subsequently incorporated in the District Development Plan and Budget should also be taken into account. While the focus in the past years has been on investments in social services, the Village Plans however also contain plans and ideas on opportunities in economic development.

The information generated should be the basis for a LED plan and strategy. A consultancy, together with the national TA, will help the district authorities to implement this activity. The regional level will be actively involved.

A.1.3. Information and dissemination of national and local laws, procedures and programmes (BEST, MKUKUBITA, taxes, etc.)

The recent reviews of the National Strategy for Poverty Reduction (MKUKUTA) resulted in mutual agreements between Development Partners and Government to accelerate economic reforms to create a more favourable investment climate. Policies developed at national level do have impact at district and lower levels of government. However information on these reforms is very often not reaching these levels of government or is not well understood by the recipients. The RAS has an important role to play here, and if needed, the project can assist them with information storage. By providing a gateway through Private Sector Organisations (e.g. TCCIA) and Local Government Authorities to disseminate, translate in understandable language and focusing on application, new opportunities for IGA's and PSD are created.

A.1.4. Promotion of dialogue and coordination mechanisms to improve cooperation between the civil society, public and private sector.

The present policy of the government is to stimulate dialogue between all stakeholders to come to a common understanding of each other's role and finding synergy in establishing common goals. These dialogue processes need to involve all representative stakeholders to ensure integration of private sector development in pro-poor economic growth. However facilitation for these dialogue platforms is often missing. Through this intervention, technical assistance can be provided to the district and regional governments in establishing agenda's of such fora and platforms, in providing information and guidance on implementation of agreed decisions etc. During recent years, various formats of public-private dialogue processes already have been implemented (Regional Business Council, District Advisory Committees, local business councils, public-private dialogue fora, etc.) and some of these experiences have been analysed and documented, and present good lessons and best practices.

Through A.3.3., marginalised groups will be empowered to provide a meaningful input in those dialogue processes.

A.1.5. Broaden understanding of linkages between investments and local economic development

Mindset in District Councils is to a certain extent still based on controlling private sector development instead of facilitating private sector development. The driving force behind a more pro private sector attitude starts with political pressure from the elected council. The Standing Committee in the elected council for Planning and Economic Affairs needs to be trained to mobilize this political pressure.

For historical reasons, LGAs are used to rule by directives without seeking dialogue with affected parties. Coaching and mutual learning mechanisms in creating stimulating environments for target groups to develop and grow are needed to foster economic growth.

In addition all elected councils have special seats for women. This positive gender balancing is supposed to provide a gender perspective on political decision taken in the council. However studies reveal that the appointed women councilors need specific training to empower them in their quest for more attention to the role of women in society as a whole and in economic development in particular. As women (together with youth) are the focus of this intervention, it seems crucial to pay full attention to the involvement of women councilors in the envisaged activities. By providing training and making sure the respective standing committees are involved, their capacity to give direction to the council administration is increased.

A.1.6. Support the local tax reform process at district level, favourable to pro-poor LED

Under the fiscal decentralization regime, LGAs are given specific well-described freedom to design and en-act their own local revenue laws. From studies it appears that LGAs sometimes develop revenue sources in their local economy, which are detrimental to the further growth of this economy. Specialized assistance in designing tax and non-tax revenue collection systems can remedy this problem. Alternatives need to be identified that stimulate economic growth and increase the volume of revenue through careful investment in the enabling environment for IGAs, micro- and small-scale enterprises.

A.1.7. Capitalization of experiences, sharing of information and feeding into policy fora on IGAs, Local Economic development and Private Sector Development at various levels

The concept of local economic development is relatively new in Tanzania, and a number of donors are investing in assisting the government to implement this approach. The impact of the business related policies made at national level, in relation to the ongoing decentralization programme, is not yet well understood.

Practical experience gained in the implementation of this intervention may provide important lessons for the policy making at different levels.

Sharing of experiences and capitalization of lessons learnt will be essential to ensure best practices are finding their way into policy level.

Facilitating participation of major stakeholders in PSD and IGA (e.g. TCCIA, Trade Officers and PSOs) in fora at different levels, would create a sustainable two-way dialogue between policy makers and implementers, mutually strengthening the enabling environment for IGAs and PSD.

R.2. Improved capacity of business related service providers to respond to the needs of the target groups

A.2.1. Identification of priorities for development of instruments for improved business services, based on an assessment of private sector organizations and service providers in the intervention zone

A number of service providers related to income generation and business development exists in the districts and in the regions. However, services are not always sufficient, reachable and adequate for the target group.

At the start of the intervention, an assessment will be done on the various service providers available in each district and region. Through stakeholder meetings, priorities will be defined for developing new instruments that will improve and increase the outreach and quality of business related services. Information collected during the baseline study (e.g. analysis of constraints of target group in accessing services) and the assessment of the service providers will be used as a basis.

The District Consultative Committee and the Regional Business Councils provide platforms to facilitate this activity.

A.2.2. Development and implementation of instruments to improve services to existing and potential clients, with focus on the target group.

Once an agreement has been reached on the priorities for the improvement of the services, a plan will be elaborated by the District Councils on how to enhance the PSO organizations for the purpose of creating an enabling environment for IGAs. Financial resources will be made available to the District Council (budgetline “**capacity building of private sector organisations**”) to facilitate the development of new instruments that respond better to the needs of the target groups and the strengthening of the Private Sector Organisations in the intervention zone. Instruments and tools to be financed can for example be practical manuals, curriculum modules, information centres, use of new ICT such as mobile phones, development of new financial instruments, notice boards, exchange visits...

Criteria will be set at the beginning of the intervention by all relevant stakeholders to define the conditions for having access to these resources.

Minimal criteria will be:

- The PSO should have a clear relevance to the target group;
- The PSO should have a transparent and open financial system;
- The PSO should have an office and established operations in the intervention area;
- The PSO should have the capacity or is willing to acquire the capacity to implement the envisaged role.

An obvious candidate is the local branch of the Chamber of Commerce, but support to this institution needs to be channeled through the Council. The Chamber could be enabled to provide relevant and up-to-date information on the establishment of IGAs; participate in their mobilisation with the aim of registering these IGAs as small-scale entrepreneurs once they become firmly established.

The products offered by Micro Finance institutions are often geared towards urban activities, and no appropriate products exist towards rural clients whose income generating activities are mainly agricultural. They need bigger loans to finance production of cash crops and therefore longer periods of repayment

A.2.3. Support to implementation of quick wins, identified through A.1.2.

From the results of the economic mapping (A 1.2.), priority economic activities and quick wins will be identified. Part of these quick wins can be financed by the intervention and could act as the basis for “learn as you go” development methodologies. The experience from this learning will be fed back into the dialogue to improve the business environment for small-scale entrepreneurs. The quick win activities that will be financed through the intervention will be identified based on criteria agreed on by the relevant stakeholders from public and private sector (including civil society). Advice of the regional level will be sought.

The quick win activities financed by the intervention should comply with the following minimum criteria:

- Have a clear relevance for the target group
- Environmental issues are taken into account
- Have an impact on the local economic development including a significant number of people
- Based on identified and agreed on local economic opportunities

Those activities that contribute to the economical empowerment of women and youth will be given priority.

Examples of quick win activities could be diagnostic studies, training or investments related to prioritized commodity value chains, development of new products for niche markets from existing cash crops, improving productivity etc.

R3 Increased capacity of the target group to demand and access technical, entrepreneurial and business services

A.3.1. Awareness raising through facilitation of dissemination of information on important business related subjects to the target group.

A serious lack of knowledge and understanding on programmes, instruments, best practices, rules, regulations and rights related to business development exist amongst the target group.

Awareness raising and sensitisation on these issues are needed and require information in understandable and local languages.

The TAs assigned to the project will facilitate stakeholder meetings at district level to inventory available resources, e.g. present providers, available base-line surveys, available information on economic opportunities and ongoing interventions by other stakeholders. The information will be compiled and consolidated on relevance to the target groups. Based on this information the project will produce IEC materials to inform the target groups on the possibilities and opportunities available to them. Since women, men and youth may face different problems, the materials will be gender and age sensitive where possible. Environmental and HIV/AIDS issues and their relation with business development and income generation are subjects that should be included. The information will be disseminated through leaflets (limited, as the target group is not fully literate), radio programmes in local radio stations or by deploying drama groups. An important entry point in this is the provision of information to wards development committees for further dissemination to the target groups in their area of operation.

A.3.2. Extension of the outreach of financial services in reaching IGA groups of higher risk.

By making services available closer to the target groups, it is expected that the demand from these target groups will increase. Improved access to financial services will be critical. A few guarantee schemes have been introduced, but these have limited outreach.

The project foresees a lumpsum **for improving outreach of financial services to the target group**, by strengthening MFI with financial capital. These funds are also complementary with the funds made available under A2.2 for the development and implementation of new instruments to improve services of PSO to the target group. However, contrary to the funds for PSO capacity building (A2.2), the funds for improving outreach of financial services to the target group are reimbursable.

The TA will in collaboration with relevant actors and through a consultancy identify the existing mechanisms to bring financial services closer to the target groups. A number of good experiences exist within Tanzania, which will be carefully analysed on their sustainability and adequacy for reaching the target group. The TA will ensure that no supply of services will be promoted without proper safeguards to the sustainability.

The funds will be managed by a financial operator, that will be chosen in function of its professionalism, its operationality, its proximity in strategic terms (working in rural areas/having more difficulties to access resources...). The District will enter into contract (subject to approval steering committee) with an IMF to provide the services as required. The LOCAL GOVERNMENT FINANCES ACT (Article 35.2 and 37) does allow the LGA to make such provisions. The IMF will be required to reimburse the lumpsum (=working capital to facilitate the services) to the contracting party, in this case the District, at the end of the contract. The JLPC can then decide whether the District can renew the contract with the same or a different IMF depending on the results, or apply the fund differently but with the same objective. Different ways of operating may be developed along the way to ensure quality and sustainability of the services envisaged.

The TA will also ensure that a proposition is made to the Steering Committee and a timely decision taken on the destination of these funds when the project ends.

A.3.3. Facilitation of the Community Development Offices in supporting the creation and capacity building of groups.

Experience from best practices and lessons learned show that group formation is in many cases the first step in strengthening the foundation for the development of income generating activities. Especially for people in a more disadvantaged position with regard to income generating activities (such as subsistence farmers, women, youth, people affected by HIV/AIDS...) getting organised in groups and associations can help them to adequately voice their concerns and so to play a bigger role in dialogue processes and in linking up with private sector organisations. It can also facilitate registration to become part of the formal economy.

A major task of the Community Development Officers and to certain extend the Trade Officers is the formation and training of such groups. Such group formation should not be supply driven but develop from the results of activity A.3.1. In many districts these activities are already in place in different contexts, either by the government officers or NGO's. The LGA need to analyse these activities and produce a comprehensive plan on how to fit additional activities in the existing activities, considering overlap, possible contradictions in approach, timing etc. Once such a plan is approved by the JLPC, funding will be made available through the budgetline for **“Group formation”** at district level.

A.3.4. Promotion of innovative and new economic activities.

Through the years much has been done on developing new appropriate technology, marketing mechanisms and such like for rural people to make use of (e.g. small water pumps for irrigation, technology related to improved energy use, village technology on processing agro-products, mechanization etc). This technology should be brought closer to the target groups to make it visible and understandable to the target group, and so create a demand for these technologies to play a part in income generating activities. Cooperation needs to be sought with the private sector willing to supply these items once a demand is created. Demonstrations in villages, local trade fairs and information days at secondary schools could be important venues to stimulate demand for new technologies and give people ideas on how to harness locally available resources into profit making activities.

These activities will be financed through the budgetline **“Innovation Development”**. Criteria for the use of these resources will be discussed with relevant stakeholders at district and regional level at the start of the intervention. Minimum criteria for the use of these resources are:

- Clear purpose for target group;
- Known and tested suitability for the target group;
- Sustainable provision of the technology;
- Within the financial capability of the target group;
- Environmental friendly technology.

A potential partner in this could be the University of Dar Es Salaam. Through its College of Engineering and Technology, CoET, the University is implementing a Technology/Business Incubation Project for supporting the Innovation System and Clusters Programme in Tanzania (ISCPT). The project is to incubate entrepreneurs, with a view to improving SME's access to new and adapted technology and business support services.

Another partner can be the Small Industrial Development Organisation (SIDO), which could assist in identifying suitable technology to be introduced to the target groups.

3.5 INDICATORS AND MEANS OF VERIFICATION

At the beginning of the intervention, a monitoring and evaluation system will be designed, including a baseline. The most important stakeholders of the public and private sector and civil society will discuss and agree on the principal indicators to measure, how this will be done and by whom. Information can be collected through routine data that are collected by government departments at various levels, by national surveys, by data collected by PSO or civil society organizations or by special studies launched by the intervention (e.g. baseline). Using and strengthening existing monitoring systems will be highly encouraged (e.g. the monitoring system that is in place to measure the progress of the MKUKUTA).

All indicators will as much as possible be disaggregated by gender, age and wealth group.

A number of indicators for the logical framework are presented here below as a basis, but are not exhaustive. They should be refined and quantified where possible after the baseline study. Given the focus of the intervention on institutional strengthening, the direct impact on the target group in 3 years will be limited. Therefore, it will be important to develop also a number of process indicators that allow measuring progress in gained capacity by the different organizations or institutions that will be strengthened.

The following indicators and means of verification are identified for measuring the impact **at the level of the specific objective**:

Specific Objective	Indicators	Means of Verification
To create an enabling environment for income generating activities of the poor, especially women and youth, to improve their incomes, in six districts of the Coast and Kigoma Regions	<ul style="list-style-type: none"> • Capacity of LGAs to promote and facilitate pro-poor business development (attitude towards private sector; functionality and outcome of coordination mechanisms put in place; functionality of instruments promoted and their relevance for pro-poor income generation) • Impact on the target group of quick wins, identified through economic mapping • Access to business related services by target group and their adequacy • Profitability of small businesses run by the target group 	<ul style="list-style-type: none"> • National, regional and district databases • Baseline and M&E system put in place • Surveys

The following indicators and means of verification are identified for measuring the attainment of the Project's Expected Results:

Results	Indicators	Means of Verification
R1. Improved capacity of local government in the intervention zone to facilitate pro-poor local economic development	<ul style="list-style-type: none"> • Economic opportunities identified and their relevance to the target group • Understanding of /attitude towards local Economic development by government officials • Type of coordination mechanisms to promote LED put in place and functional • Knowledge and understanding of national policies and programmes related to LED by local authorities • Tax system in the district 	<ul style="list-style-type: none"> • Baseline and project M&E reports • Regional and District database and information • Survey with LGU • Survey with private sector + target group
R2: Improved capacity of business related service providers to respond to the needs of target groups (women, men and youth)	<ul style="list-style-type: none"> • Number of new instruments implemented by PSOs and their adequacy for the target group • Number of quick wins implemented and their impact on the target group 	<ul style="list-style-type: none"> • Baseline and project M&E reports • Regional and district databases
R3. Increased capacity of target group to demand and access technical, entrepreneurial and business services	<ul style="list-style-type: none"> • Number of functional business /income generating groups (by gender, age, wealth) • Knowledge and awareness of the target group on business related subjects • Access to financial services by the target group • Number of new technologies disseminated and adopted by target group 	<ul style="list-style-type: none"> • Baseline and project M&E reports • District reports and databases • Survey target group

3.6 RISKS AND HYPOTESIS

Related to attaining the specific objective: “To create an enabling environment for income generating activities of the poor, especially women and youth, to improve their incomes, in six districts of the Coast and Kigoma Regions”

Description of Risk/Hypotesis	Level of Risk	Mitigation measure
Political tensions or armed disturbance or warfare, particularly in the lake Tanganyika area	Low	/
Central or LGAs policy change significantly reduce active support for promotion of development of the IGA sector	Low	Build awareness at various levels through multi-stakeholder fora and meetings
Change of mindset is required of national and local authorities to enter into public-private dialogue. This may take time and will require strong leadership from the top political level	Medium	Build awareness at national level through high-level fora and meetings
The poor and more disadvantaged groups (women and youth) are not able to take advantage of the improved conducive environment for income generation, with a low profitability of their businesses as a consequence.	Medium to high	Specific attention will go to the design of tools and instruments to ensure that services are adapted to the needs of the poor and more disadvantaged groups
Making actors better work together and improving the functioning of organizations and institutions is a rather complex and a slow process. There is a risk that three years is a very short period to see real progress	Medium	An adequate M&E system, with inclusion of indicators that permit to follow the process should ensure that also small capacity changes are monitored and documented and lessons can be learnt;
Regional economies vulnerable to external price-shocks	Medium	Economic opportunities and potentials will be identified, based on competitive advantages and taking into account as much as possible the external markets over which local producers have little control

Related to attaining the 3 results :

Description of Risk	Level of Risk	Mitigation measure
Result 1: Improved capacity of local government in the intervention zone to facilitate pro-poor local economic development		
Local government not ready to change attitudes towards private sector	Medium	Support standing committee in elected council for P&EA in mobilizing political pressure
Stakeholders not interested in seeking dialogue	Low	Project will facilitate and promote multi-stakeholder dialogue, provide practical examples and capitalize and disseminate experiences

The target group is not sufficiently taken into account in the promoted LED	Medium	The project provides Technical Assistance in designing and implementing pro-poor instruments for LED
Low capacity of LGAs in some Districts	Medium	The Local government reform programme continues in strengthening the District capacities. The Technical Assistance provided by the project will help to reduce this risk.
Result 2: Improved capacity of business related service providers to respond to the needs of target groups (women, men and youth)		
Service providers not interested in developing instruments and products for target group	Medium	The intervention will promote/pilot these instruments and will have to show results of their sustainability and relevance (through documenting; exchange visits;).
Pro-poor instruments are not sustainable	Medium	Sustainability will be a criterion to be considered from the start when developing pro-poor instruments. Best practices and experience with similar instruments will be analysed.
Quick wins little impact on target group	Medium	Selection of quick wins will be based on criteria that include the expected impact on target group. Economic mapping will be done from a perspective of the target group
Result 3: Increased capacity of target group to demand and access technical, entrepreneurial and business services		
Lack of sub-sector or product associations at sub-district level or their low capacity stifles support for demand-led reform; Associations do lack the capacity to make any meaningful contribution to dialogue processes	Medium	Creating awareness and strengthening groups are specific activities of this intervention
Target group face too many (social, cultural...) constraints to get organised	Low	Constraints of target group will be analysed during the baseline, and should be taken into account when developing activities and instruments
Technologies adapted to target group are not available	Medium	Collaboration will be sought with different national and if needed international institutions that work on small-scale technology, to bring it closer to the target group
Mechanisms for improving outreach of Financial Services to the target group are not sustainable	Medium	A lot of useful experiences exist within Tanzania with the provision of financial services in rural areas, and different mechanisms will be carefully analyzed on their sustainability aspects before promoting them

4. RESOURCES

4.1 FINANCIAL RESOURCES

The Principal resources for project implementation will be provided through the MFEA and by BTC, as indicated below:

BTC	In cash	€2,162,000
MFEA	In kind	€150,000
DISTRICTS	In kind	€120,000
TOTAL		€2,432,200

The District contribution:

The six Districts that will receive project support will make a total in-kind contribution of €20,000 per District during the three-year implementation period, a total of €120.000.

This contribution may include:

- Providing office space and basic office facilities for Project activities;
- Field visits and follow up of Project activities;
- Where appropriate, provide technical training using the District's own staff and resources;
- Providing transport and communications for District staff field visits.

The budget of the intervention is an addition to the budget of the districts. Therefore, the real contribution of the districts is much higher, since they are providing the main resources. The focus is changing from an intervention financed by Belgium with a local contribution, to strengthening an existing programme by providing additional resources for supporting innovation initiatives.

The MFEA contribution:

The contribution of the MFEA relates to time spending and subsequent facilitation by MFEA of the National Project Coordinator and is estimated at 150,000 Euro over the project period. This includes the salary of the national project coordinator and subordinate staff, office space and office facilities, transport means etc.

The Belgian contribution:

The budget for the contribution of the Belgian Government (total of 2,162,000€) is indicated below.

It consists of three main budget levels:

- Implementation funds for the 3 results: estimated at 1.459.500 EUR (= 68%);
- General means: estimated at 635.310 EUR (=29%);
- Budget reserve amounting to 67.190 EUR (= 3%).

The general means include long term national and punctual (international and national) technical assistance that will be provided to attain the 3 results

TOTAL BUDGET				Belgian Contribution						TZA Contribution
				TOTAL	exec mode	%	YEAR 1	YEAR 2	YEAR 3	Total
A	Increased incomes amongst the poor, especially women and youths in six districts of the Coast and Kigoma Regions, through the facilitation of an enabling environment for Income Generating Activities			1,459,500		68%	428,750	534,250	496,500	-
A 01	<i>Improved capacity of local government in the intervention zone to facilitate pro-poor local economic development</i>			<i>646,500</i>		<i>30%</i>	<i>240,250</i>	<i>213,250</i>	<i>193,000</i>	<i>0</i>
A 01 01	Elaboration of a baseline			75,000	coman		75,000	0	0	
A 01 02	Mapping of economic opportunities			62,000	coman		62,000	0	0	
A 01 03	Information and dissemination of national and local laws, procedures and programmes (BEST, MKUKUBITA, taxes,)			14,500	coman		2,250	7,250	5,000	
A 01 04	Promotion of dialogue and coordination mechanisms to improve cooperation between the civil society, public and private sector			390,000	coman		80,000	155,000	155,000	
A 01 05	Broaden understanding of linkages between investments and local economic development			60,000	coman		10,000	30,000	20,000	
A 01 06	Support the local tax reform process at district level, favourable to pro-poor LED			20,000	coman		5,000	10,000	5,000	
A 01 07	capitalization of experiences and sharing of information and feed in to district, regional and national policy fora on IGA and PSD			25,000	coman		6,000	11,000	8,000	
A 02	<i>Improved capacity of business related service providers to respond to the needs of target groups (women, men and youth)</i>			<i>286,000</i>		<i>13%</i>	<i>59,000</i>	<i>116,000</i>	<i>111,000</i>	<i>0</i>
A 02 01	Identification of priorities (based on opportunities) for development of instruments for improved business services			36,000	coman		24,000	6,000	6,000	
A 02 02	Development and implementation of instruments to improve services (to existing and potential clients) (practical manuals, curriculum modules, notice boards, SIDO, exchange visits ...)			100,000	coman		15,000	45,000	40,000	
A 02 03	Implementation of quick wins as practical examples of LED			150,000	coman		20,000	65,000	65,000	
A 03	<i>Increased capacity of vulnerable groups and individuals to demand and access technical, entrepreneurial and business services</i>			<i>527,000</i>		<i>24%</i>	<i>129,500</i>	<i>205,000</i>	<i>192,500</i>	<i>0</i>
A 03 01	Awareness raising through facilitation of dissemination of information on important business related subjects (best practices, providers...) to the target group			36,000	coman		8,500	20,000	7,500	0
A 03 02	Extension of the outreach of financial services in reaching IGA groups of higher risk			291,000	coman		91,000	100,000	100,000	0
A 03 03	Facilitation of the CDOffices in supporting the creation and capacity building of groups			50,000	coman		10,000	20,000	20,000	
A 01 04	Promotion of innovative and new economic activities			150,000	coman		20,000	65,000	65,000	

Y	Budget reserve (max 5% * total activities)			3%	0	0	67,190	0
Y 01	Budget reserve (max 5% * total activities)			3%	0	0	67,190	0
Y 01 01	Budget reserve COMANAGEMENT		coman		0	0	67,190	
Y 01 02	Budget reserve REGIE				0	0	0	25,000
Z	General means			29%	238,070	198,620	198,620	270,000
Z 01	Staff costs			12%	86,400	86,400	86,400	100,000
Z 01 02	National Staff		regie		86,400	86,400	86,400	100,000
Z 02	Investments			3%	70,200	0	0	25,000
Z 02 01	Vehicles		regie		60,000	0	0	
Z 02 02	Office equipment				0	0	0	20000
Z 02 03	IT Equipment							
					10,200	0	0	5000
Z 03	Operational Costs			7%	48,970	48,970	48,970	145,000
Z 03 01	Office rent				0	0	0	20000
Z 03 02	Maintenance vehicles + fuel							
					72,000	24,000	24,000	24,000
Z 03 03	Communication		co-man		4,800	4,800	4,800	30000
Z 03 04	Office materials							
					15,000	5,000	5,000	10000
Z 03 05	Representation costs/external communication		regie		3,000	3,000	3,000	25000
Z 03 06	Mission costs (flights, allowances)		regie		11,670	11,670	11,670	40000
Z 03 07	Operational costs various							
					1,500	500	500	20000
Z 04	Audit, Monitoring and Evaluation, Backstopping			7%	32,500	63,250	63,250	0
Z 04 01	Evaluations (2)		regie		0	25,000	25,000	
Z 04 02	Audits		regie		12,000	12,000	12,000	
Z 04 03	Punctual Technical assistance (international + national)		regie		8,000	20,000	20,000	
Z 04 04	Backstopping BTC (Administrative and technical)		regie		12,500	6,250	6,250	
TOTAL					666,820	732,870	762,310	270,000

Regie	522,210
Comanagement	1,639,790

à titre indicatif :

Q1 année1=	125,000
Q2 année1=	175,000
Q3 année1=	200,000
Q4 année1=	166,820
	666,820

4.2 HUMAN RESOURCES

The project will establish direct linkages with on-going and soon-to-start BTC interventions in the same geographical areas by joining forces in Technical Assistance and personnel.

In as well Kigoma as Coast Region a National TA, specialized in marketing and business development, is already stationed by the Beekeeping project of BTC. To avoid that the same LGA's need to deal with two TA's working for similar interventions and to reduce traveling costs between districts it is foreseen to station one additional TA in a different District within each region. The same set up will be followed for the AFO's.

The following staff will be part of the intervention:

The National Project Coordinator (NPC), assigned by MFEA with non-objection of BTC, and reporting to the Director, Poverty Eradication & Economic Empowerment Department. MFEA has overall responsibility for enabling the execution of the TTF in coordination with LGU authorities at Regional and District level in the two Regions and in accordance with established procedures. Detailed Terms of Reference are found in Annex.

National Technical Advisors (TA), recruited by BTC, with non-objection of MFEA, will provide technical advice in business development and pro-poor local economic development:

- 1 TA based covering Kigoma for Kigoma Urban and Kigoma Rural District: already employed under Beekeeping;
- **1 TA based in Kibondo District**: to be employed by this intervention;
- 1 TA based in Rufiji District: already employed under Beekeeping;
- **1 TA based in Mkuranga covering Mkuranga and Mafia Island**: to be employed by this intervention.

Administrative and Financial Officers (AFOs), recruited by BTC, with non-objection of MFEA will be responsible for keeping and updating all administration, bookkeeping and accounting and reports to the project management team of each district:

- 1 AFO in Kigoma, covering the Kigoma region: **already recruited by the beekeeping project**;
- **1 AFO in Mkuranga, covering the Coast region**: to be recruited by this intervention.

Two project drivers will be recruited by BTC.

Two BTC volunteers will be assigned to the Project (1 per Region) to assist the Districts in implementation of the Project. BTC volunteers will be phased in after the first year of project implementation and pay particular attention to the setting up and maintenance of the District Economic Database, liaising with other programmes, projects and agencies actively supporting the IGA sector. They will pay special attention to the specific gender and youth issues. Their exact task will be defined during the first project year.

Short Term international and national Consultancies

Funds in direct management (BTC) are foreseen for the provision of short-term technical assistance for punctual technical expertise, project auditing in Project implementation and to undertake a mid-term and end-of-project evaluation. Additionally, funds in co-management are foreseen for expertise with regard to the design and coordination of the baseline survey, economic mapping in the districts and others as needed.

4.3 MATERIAL RESOURCES

The following material resources will be purchased by BTC using the Direct Management funding procedures. BTC will retain possession of the resources until the project closure.

- **Vehicles:** Two 4-wheel drive vehicles will be provided to enable in-country travel by Project staff, in particular for the Technical Advisors, to provide support to District implementing teams in the 5 mainland Districts. It is expected that these duties will occupy 60 percent of working time, on average 13 working days per month or 2 working days / month / District;
- **Office furniture and equipment:** The Districts will assign office space to the national Technical Advisors, the financial and administrative officer and the BTC Volunteers. Each office will be provided with essential basic office furniture and equipment;
- **IT equipment:** 4 Personal Computers; Appropriate software of uniform specifications will be provided by each District as part of their 'in-kind' contribution.

5. IMPLEMENTATION MODALITIES

5.1 LEGAL FRAMEWORK

5.1.1 Administrative responsibilities

The project will be administered according to the principles of partnership and joint implementation. Institutions that bear responsibility for the administrative coordination of the project are:

- Ministry of Finance and Economic Affairs (MFEA): Authorising Officer;
- Directorate General for Development Cooperation (DGDC);
- Belgian Technical Cooperation (BTC): Co-authorizing Officer.

The Ministry of Finance and Economic Affairs has the responsibility to supervise the financial aspects of the Specific Agreement (SA) on behalf of the Tanzanian Party. It will authorize the financial flow to the project. The MFEA is responsible for supervising the technical arrangements of the Specific Agreement (SA) on behalf of the Tanzanian Party.

The DGDC has the responsibility to monitor policy issues and respect for the SA on behalf of the Belgian Party. The DGDC shall exercise this role through the Attaché for International Cooperation at the Belgian Embassy in Dar Es Salaam.

The BTC is responsible for the implementation aspect of the project on behalf of the Belgian Party. BTC shall exercise this role through its Resident Representative in Dar Es Salaam, as co-authorizing officer of the project.

International consultants will be recruited according to Belgian rules and regulations. Local staff and consultants will be recruited according to the prevailing rules and regulations in Tanzania. The Tanzania Public Procurement Act - 2005 will govern the procurement of supplies, services and works from the funds under the co-management budget.

5.1.2 Technical responsibilities

Institutions that bear responsibility for the technical coordination of project implementation are:

- Coast Regional Secretariat and Kigoma Regional Administrative Secretariats (RAS) with technical support from the Ministry of Finance and Economic Affairs (MFEA)
- District Councils of target districts (DCs)
- Belgian Technical Cooperation (BTC)

The District Councils will be responsible for the facilitation, coordination and supervision of implementation of all activities of the project within their respective territories. The District Executive Directors will be responsible for the implementation of the project in accordance with the existing Local Government Authorities (LGA) financial and other regulations and rules.

In accordance with the government policies, the DEDs will be encouraged to outsource specific services to public and private service providers through corresponding contracts.

The Coast and Kigoma Regional Administrative Secretariats, who on behalf of the Prime Minister's Office Regional Administration & Local Government (PMO-RALG) coordinate all development intervention, will carry overall responsibility for the coordination and supervision of

the project implementation in both regions. They will assist LGAs on matters of preparation, collection and monitoring of District plans, quarterly reports and participate in annual assessments. The MFEA will play its consultative and advisory role through the Regional Secretariat as per standing procedures.

The Wards Development Committee (WDC) will facilitate Project implementation and coordination with the village and community level.

Village Councils will assist in facilitating contact with the target group and will monitor project activities in their respective villages.

5.2 IMPLEMENTATION AND FOLLOW-UP STRUCTURES

5.2.1 National Project Coordination

The Ministry of Finance and Economic Affairs (MFEA) through the **National Programme Coordinator (NPC)** will be responsible for:

- Overall coordination of the programme;
- Coordination with and support to LGUs at Regional and Direct level in project implementation;
- Coordination with key-stakeholders in the IGA sector at national level, including with other donor interventions;
- Ensure that annual and semi-annual consolidated work plans and reports are produced and submitted in time to the JLPC, GoT and BTC-Resident Representative.
- Contribute to the identification and documentation of lessons learned and good practices;
- Monitoring of the overall financial commitments of Districts and the MFEA to the Project Budget;
- Monitoring physical implementation of the project in the field;
- Organisation and follow-up of the JLPC meetings, in coordination with the regions and National Technical Advisors;
- Responsible for administrative and technical arrangements relating to project closure;
- The NPC will be assisted by the ITA in issues related to policy and overall implementation of project activities

5.2.2 Project Implementation

The District Councils (DC), through the DED, will be responsible for the management and supervision of the Project in their respective Districts including:

- Participative planning, implementing, monitoring and supervision of project implementation in their respective Districts;
- Contracting and monitoring of service providers and partnership agreements;
- Administering the Project fund at District level;
- Monitoring project activity and financial implementation, reporting and accounting;
- Financial planning, disbursement and reporting on the District contribution (in kind) to the project;
- Inclusion of project commitment in the Medium Term Expenditure Framework (MTEF) to the amount of €20,000 to be paid in kind.

Technical Assistance

Technical Assistance will be provided by means of:

- two National Technical Advisors (NTA), additional to the two national Advisors already in place for the bee-keeping project that the Belgian Cooperation is implementing in the same region. The two NTAs are assigned to each of the two Regions to support the District Council in Project implementation and to support the RAS, MFEA and BTC in project follow-up;
- A BTC volunteer in both regions;
- Punctual backstopping by BTC staff or by external expertise (International or national consultants)

Administrative and Financial Officers (AFOs)

Administrative and financial support will be provided by means of an Administrative and Financial Officers (AFOs) in each region (one shared with the beekeeping project). Their main responsibilities are as follows:

- Ensure proper financial management of the project.
- Ensure the respect of the BTC internal rules of Financial Management of Projects
- Coordinate accountancy.
- Be responsible for the financial project reporting.
- Ensure the efficient and effective financial management of BTC funds by the Districts
- Assist through the regional office in coordinating the administration and the finance management of the Belgian Partner contribution at District level
- Provide support and backstopping to Districts in their financial and administrative management.
- Check and validate the justification of the funds replenishments.
- Verify the bookkeeping of the Districts and check the conformity of the request for replenishment to the authorizing and co-authorizing officer.
- Make sure that the Districts receive required and validated financial means.
- Consolidate the financial information at project level.

One of the two AFOs will have the responsibility to consolidate the financial information from the two regions

5.2.3 Joint Local Partner Committee (JLPC)

The Project **Joint Local Partner Committee** (JLPC) has the mandate to ensure proper orientation and follow-up. The NPC will report to the JLPC that will meet at least every six months. The Regional Administrative Secretaries of Kigoma and Coast region will alternately chair the JPLC. The venue will alternate between the selected project districts. Efforts will be undertaken to conduct the JLPCs at the same time as JPLCs of other Belgian interventions in the same region. Extra ordinary meetings can be called on demand of one of the JLPC members. All decisions are taken in consensus and all ordinary members of the JLPC sign the minutes, made-up by the secretariat.

The JLPC will be composed of the following members:

Composition of the IGA – National Steering Committee (JLPC)	
Members	Number
Representative of the MFEA (Authorising officer)	1
Representative of the MFEA (Poverty Eradication & Economic Empowerment)	1
Representative of the PMO-RALG	1
The BTC Resident Representative (Co-authorising officer)	1
The Regional Administrative Secretary of Kigoma and Coast Region (chair)	2
DEDs of the 6 districts	6
Stakeholder representative (private sector...).	2
TOTAL:	14

The National Technical Advisors and the NPC will act as the JLPC Secretariat. The Administrative and Financial officer will participate as an observer. Other persons, related to the project can be invited at the JLPC when deemed necessary.

The JLPC will have the following duties:

- Advise on the TFF for approval by the Parties;
- Supervise the execution of the contribution of the Parties;
- Appraise the progress of the programme and the achievement of its specific objective, based on the progress reports;
- Approve the annual work plans and budgets;
- Approve any necessary changes in the intermediate results, respecting the specific objective and the total budget of the project;
- Endorse the recommendations by project management regarding essential changes to the project design, components, budget or programming to achieve the stated project objectives;
- Approve the final report of the project and enable project closure;
- At project closure, prepare a proposal for the re-assignment of project equipment and material..

5.3 MANAGEMENT MODALITIES

The project will be administered according to the principles of partnership and joint implementation. The project will be implemented through two modalities:

- **co-management** for all the field activities of the project;
- **direct management** by the Belgian Technical Cooperation for budget lines corresponding to :
 - Recruitment of two full time National Technical Advisors, an Administrative and Financial Officer, two full time local drivers and other Short Term consultants;
 - The purchase of programme equipment and vehicles;
 - The mid-term and final evaluation review; audits

- Technical and administrative back-stopping missions;

5.4 FINANCIAL PROCEDURES

5.4.1 Tanzanian partner contribution

The Tanzanian Partner Contribution: Contributions of the Central Government will be disbursed through the MFEA straight to the District Councils. The use of the funds will be administered and reported through the existing financial system of the Districts. Administration and reporting will follow the District's financial system as well. Districts will also report on Project financial and activity implementation to Ministry of Finance and Economic Affairs.

5.4.2 Belgian partner contribution

The Belgian budget will be managed in two different modes indicated as:

- i) Co-management and
- ii) Direct management.

According to the Joint Assistance Strategy of Tanzania, and in order to facilitate effective budget planning, execution and accounting, all external resources to the Government should be integrated into the Government budget and Exchequer system in accordance with the Constitution of the United Republic of Tanzania, Chapter 7, Articles 135 and 136. The Belgian contribution will be reported through the External Finance Department according the instruction given by the Ministry (MFEA).

5.4.2.1 Bank accounts and authorizations

Co-management

The funds under Co-management will be disbursed via BTC-Brussels to **the main account in EURO** at a Commercial Bank in Tanzania. The signatories of this account will be the Tanzanian authorizing officer for the project appointed by the Ministry of Finance & Economic Affairs and the BTC Resident Representative in Dar Es Salaam as Co-authorizing officer, or their delegates.

In each target District the District Executive Director will open a **special, separate operational project account** at a commercial bank to facilitate the further disbursements of the Belgian Co-managed contribution. The District Executive Director with a District Planning Officer as co-signatory will authorize (by their signatures) disbursements from the accounts to the service providers. The signatories have to be appointed by the JLPC meeting.

Regie or direct management by BTC

The funds that fall under direct management are managed directly through a BTC account, following the internal rules and procedures of BTC.

In each region, a bank account can be opened by the AFO for expenses in regie related to the project management.

5.4.2.2 Request for funds

For the Districts

The DC's (DED and DPO) have to send a request of funds to the coordination of the project (AFO & NPC).

1) The First transfers to the Districts will correspond to the financial needs of the first three months, justified by a Financial Planning following the budget structure, signed by the District Executive Director (DED) and the District Planning Officer (DPO).

2) In order to receive the following transfers, DCs have to send a monthly request of funds justified by an updated Financial Planning following the budget structure, signed by the District Executive Director (DED) and the District Planning Officer (DPO). The amount of the request of funds is equal to the estimation of the financial needs for one month, increased with a cash buffer. The AFOs and NPC will validate, with assistance of the NTA, the requests from the districts and will send the requests to the authorizing & co-authorizing officers.

The replenishment of a District account will only be done if the following conditions are respected:

- Adequate financial reports for the previous transfer (budget monitoring report) have been presented.
- The complete bookkeeping of the month m-3 and all supporting documents (originals) (those will be sent back after control) preceding the submission of the request of funds have been transmitted to the Administrative and Financial Officer (AFO) for check and validation.
- An updated financial planning was transmitted to the Administrative and Financial Officer (AFO).
- The amount of the requested funds does not exceed the budgetary balance.

Ineligible expenses, which are not in conformity with the TFF or approved planning, will be charged to the Districts.

In case of an emergency, the project can submit an anticipated request for funds, justifying the need.

For the main project account

From the moment an implementation agreement is signed between the Belgian State and BTC, the authorising & co-authorising officers can do a first request for funds. The requested amount should correspond to the financial needs of the first three months and will follow the BTC internal procedures.

To receive the following requests, the AFOs and NPC introduce to the BTC Representative in Tanzania one consolidated signed request of funds (consolidations from the Districts and Project needs). The request has to be done quarterly, at the beginning of the month before the next quarter, and will be signed by the authorizing & co-authorizing officers.

The amount of the cash call is equal to the needs estimated in treasury for the following quarter with a cash buffer. The transfer of funds by the BTC is done at the beginning of the quarter.

BTC can also propose a special financing scheme.

The transfer of the funds is done only if:

- The accounting for the previous quarter has been closed.
- An updated financial planning of the current quarter was transmitted to and validated by BTC Representative.
- The amount of the call for cash is not higher than the budget balance.

Note that it is also possible to submit an urgent cash call with a written explanation of the unforeseen circumstances.

5.4.2.3 Procurement

The Joint Assistance Strategy of Tanzania stipulates that Government procurement systems will be used to manage procurements in accordance with the Public Procurement Act No. 21 of 2004 (URT), the Procurement and Disposal of Public Assets Act No. 9 of 2005 (RGoZ) and their regulations and procedures.

Tanzania Public procurement Act of 2004 and 2005, will govern the procurement of supplies, services and works from the funds under the Co-management budget. The thresholds and guidelines on how to procure goods, services, works, non consultancy services, method of selection and how to dispose off public assets by tender will be according to the Tanzanian Public Procurement Act No 21 of 2004.

The **Council Tender Board -CTB** will execute tendering at District Level.

The Belgian rules and regulations will govern the procurement of external backstopping services and M&E activities from Direct Management budget.

5.4.2.4 Budget Management

The total budget amount cannot be exceeded. If a budgetary increase is necessary, a justified request for increase must be introduced by the Tanzanian part at the Belgian State after having received the agreement of the JLPC. If Belgium accepts the request, the two parts must sign an exchange of letters.

The budget of the project gives the budgetary constraints in which the project must be carried out. Each change of budget must be approved by the JLPC. The possible budgetary changes are:

- Change of the budget structure
- Transfer of resources between existing budget lines
- Use of the reserve (the budgetary reserve can only be used for activities of project and after agreement of the JLPC. Its use must always be accompanied by a change of the budget.)

The management of a budget change must be made according to BTC procedures.

5.5 REPORTING

5.5.1 Activity reporting and planning

The planning and reporting will be done at three levels:

- District level: tri-monthly and annually by the DPO in coordination with all stakeholders under responsibility of the DED, and transmitted to NTA and the NPC

- Regional level: to be compiled tri-monthly by the NTAs based on District reports, including activity and financial information and transmitted to NPC and BTC Representative
- National level: to be compiled six-monthly and annually by the NPC and NTAs based on Regional reports for presentation to the JLPC.

At project closure, the NPC with assistance from the TAs will submit a final project report to the JLPC for endorsement.

5.5.2 Financial reporting

The BTC AFO in one region will consolidate the financial information of the 2 regions in the BTC Financial Information Tool (FIT), with the information provided by the AFO of the other region.

Budget follow up reports

The District Accounting Officer will prepare, in the Tanzanian financial system, monthly financial reports corresponding to project funds, signed by the District Executive Director and the District Planning Officer to be submitted to the AFOs. The report will be accompanied with the receipts, invoices, and other relevant documents.

Financial Planning

Every month, the District Executive Officer and the District Planning Officer will prepare a financial planning for funds for the next month, which will be consolidated by the accountant. The accountant will send the consolidated financial planning to the respective AFOs.

Every quarter, the AFOs with the assistance of the TAs in each region will prepare a financial planning for the current quarter and upcoming quarters of the current year and the future years. The quarterly financial planning must be done in accordance with the BTC internal procedures and must be sent to the BTC Representation of Tanzania.

Accounting

The Districts have to keep monthly accounts in their financial system. The AFO will visit the Districts on a regular basis for support.

The accounting of the project must be elaborated and approved following the BTC internal procedures. The project accounting must be signed by the respective AFOs and NPC and send to the BTC Representative of Tanzania.

The following must be forwarded by the project to the BTC Representative of Tanzania.

- Electronic account files.
- Bank statements and signed cash statements.
- All supporting documents (originals).
- Justifications (complete files) of the registered replenishment of the districts bank accounts.

5.6 MONITORING AND EVALUATION

5.6.1 Baseline survey and M&E system

At the beginning of the intervention, a baseline will be conducted in each district, to have a more accurate view on the type of income generating activities in each district, the type of business related services that exist, the type of constraints faced by the target group etc. Data on related subjects that may have an impact on the local economic development, as AIDS prevalence, gender issues, environmental issues (land use, etc.), unemployment etc. will also be taken into account.

A monitoring and evaluation system for the intervention will be put in place, based on the baseline data. The baseline and the facilitation of an M&E system will be organised by an independent consultancy, but will be implemented with involvement of all stakeholders with the organization of a workshop to align indicators and reporting mechanisms.

5.6.2 Mid-term Review and Final Evaluation

A **mid-term review** will be organised in year 2 if deemed necessary by the JPLC and a **final evaluation** at the end of year 3. The evaluations will be conducted by an independent international expert and supported by the BTC, and by the NPC. The terms of reference of the evaluations will be assessed by the JLPC and approved by BTC HQ. The evaluation reports and findings of the mid-term review and the end-of project evaluation will be submitted to the JLPC for approval.

5.6.3 Audits

BTC general audit

In the framework of the general monitoring of BTC, each year auditors audit the global accountability of the BTC. Within this framework, they may also carry out audits of projects in Tanzania.

Tanzanian Audit

The Joint Assistance Strategy of Tanzania stipulates that Development Partners will increasingly use Government accounting and auditing procedures and systems in line with the Public Finance Act No. 6 of 2001 (URT) and the Public Finance Act No. 12 of 2005 (RGoZ).

The project will support the internal auditing at District level, and the auditing by Central Government (National Audit Service) with some of the auditors expenses (allowances). National audit reports will be discussed by the JLPC.

Project Audit

External monitoring missions will be organised annually. A qualified financial expert who is to be selected jointly by both parties and contracted by BTC will execute the external auditing.

The JLPC asks the BTC Representative in Tanzania to define the terms of reference and to select an international firm of audit, including:

- Evaluation of the existence and the respect of procedures
- Evaluation if the accounts of the project reflect reality

Reports of the auditor and the monitoring mission will be forwarded to the JLPC. The financial auditing will be based on books of accounts kept by the project administration and the Districts and all other paying stations involved in the accounting of the project's financial transactions.

The JLPC can require additional audits if necessary.

5.7 COORDINATION WITH OTHER BELGIAN-FUNDED PROJECTS

There are important opportunities for synergy with other Belgian-funded projects operating in the same area and sector of activity:

- “Development and Improvement of Processing, Packaging and Marketing of Honey, Beeswax and Other Bee Products in Tanzania”- TAN 04 013 11, operating also in Kigoma and Rufiji districts.
- “Sustainable improvement of the banana cropping system in Kagera region and Kibondo District in Kigoma Region” – TAN 0400911, operating also in Kibondo District
- “Support to Local Government Capital Development Grant System – LGCDGS” – TAN 05 018 11.

The synergy between these projects is particularly important because they operate in the same institutional setting, through the LGAs in particular. It is therefore necessary to harmonize their operations so as to maximize the opportunities and minimize unnecessary administrative burdens on local institutional partners.

The synergy will be particularly important with the beekeeping project. Both projects will share the AFOs and where possible the Technical Assistance.

5.8 CLOSURE OF THE INTERVENTION

To enhance sustainability of the project's achievement both parties in the project shall make sure that before the project comes to an end, measures are taken to the effect that an exit strategy has been planned, the disposal of residual and unexpended assets has been agreed on and procedures for closure of accounts have been agreed. The exit plan will be developed by the signatories of the Project agreement resulting from consultations with key stakeholders.

A final report, including a financial balance, will be elaborated at the end of the third year. This report will be elaborated by the National Project Coordinator, with the assistance of the technical advisors, and based on the reports of each district. The final report will be submitted for approval to the JPLC.

At the end of the project, the amounts that might still be available on the District accounts will be subject of a reallocation, decided by common agreement between the Belgian and the Tanzanian parties. The amounts managed in own-management that have not been used at the end of the project, and the amounts in co-management that have not been transferred to the accounts managed in co-management will be annulated at the end of the project.

After the termination of the Specific Convention, it is not authorised to make any more expenses, or only in the case that they are linked to engagements taken before the end of the Specific Convention and that are acted in the meeting notes of the JPLC.

6. CROSS CUTTING THEMES

6.1 GENDER

Women and youth are the main target group of the intervention. Both women and youth may face specific constraints related to income generating activities and business development. The intervention will take these specific needs for each group separately into account.

Gender and youth issues will be addressed in the following way:

- Analyse in the baseline specific gender /youth issues related to income generating and business development (Act 1.1);
- Gender and age dis-aggregation of all data specifically that related to monitoring and evaluation;
- In the recruitment of the national technical advisors (additional to the 2 male technical advisors already in place through the beekeeping intervention), priority will be given to female personnel, in order to ensure a fair representation of women among the project staff;
- Support the institutionalization of a gender perspective in the service providers. Under result 2: “Improved capacity of business related service providers to respond to the needs of the target group”, a number of instruments will be developed to improve outreach and services, especially to better serve women and youth. The baseline will look at specific constraints of women and youth accessing the services, and at existing mechanisms and strategies already in place within these service provider organizations to respond to particular needs of these groups;
- Support the group formation of women and youth and strengthening of their capacity to adequately voice the concerns of their members in their demand for services adapted to their specific needs (A 01 03);
- Include gender and age criteria in the criteria for accessing the financial resources related to innovation development and micro finance facilitation (A 3.2 and A3.4);
- Train district staff (community development officer, Cooperative officer, trade officer...) and the district council in gender and youth issues related to income generating activities;
- Strengthen the women who occupy the special seats for women in elected councils in defending and lobbying for specific needs of women;
- Awareness raising of men and women regarding relevant laws that promote gender integration. Such training will also address the needs of supporting staff within the districts as well as the IGA service providers where appropriate.

6.2 ENVIRONMENT

Environment issues will be addressed in the following way:

- Analyse in the baseline environmental issues related to income generating and business development (Act 1.1);
- Support the mainstreaming of environmental aspects in service provision. Under result 2: “Improved capacity of business related service providers to respond to the needs of the target group”, organisations that are providing training on appropriate technologies in production and processing (like SIDO, etc.) will be strengthened in including environmental issues in their training packages;

- Include environmental criteria in the criteria for access to resources related to innovation development (A3.4);
- Train district staff (community development officer, cooperative officer, trade officer, agricultural officer...) in environmental issues related to income generating activities;
- Awareness raising regarding relevant environmental laws and policies. Such training will also address the needs of supporting staff within the districts as well as the IGA service providers where appropriate.
- The economic mapping and prioritisation of economic activities based on competitive advantages will take into account environmental aspects (pressure on natural resources...)

6.3 SOCIAL ECONOMY

The intervention aims to increase incomes of the more vulnerable (women, youth and men), and hence to promote social economy.

More in particular, the theme of social economy will be addressed in the following way:

- Strengthen the formation of groups, especially of women and youth to increase their voice in their demand and access to adequate services;
- Improve the business related services provided by different organizations and institutions to respond better to the needs of the poor (women, youth and men);
- Develop and strengthen savings and credit mechanisms that respond to the needs of the target group (poor women, youth and men);

6.4 HIV / AIDS

The intervention will address HIV/AIDS issues in the following way:

- Strengthen the formation of groups, including people affected by HIV/AIDS (Act 01 03)
- Improve the understanding of service providers and LGAs of the impact of HIV/AIDS on income generating and business development, and on how to mitigate this impact (Act 0202)
- Awareness raising on important HIV/AIDS issues (prevention, but also on ways to mitigate the impact of HIV/AIDS on household income) (Act 3.1)

This will be done through linking up with national HIV strategies and programmes (e.g. National HIV “Impact on business” awareness campaign)

7. ANNEXES

7.1. Logical Framework

7.2. Provisional Implementation calendar

7.3. ToR long-term personnel

7.1 LOGICAL FRAMEWORK

Logical Framework			
General Objective	To contribute towards improving livelihoods of the poor particularly in rural areas		
Specific Objective	Indicators	Means of verification	Risks and hypothesis
To create an enabling environment for income generating activities of the poor, especially women and youth, to improve their incomes, in six districts of the Coast and Kigoma Regions”	<ul style="list-style-type: none"> • Capacity of LGAs to promote and facilitate pro-poor business development (attitude towards private sector; functionality and outcome of coordination mechanisms put in place; functionality of instruments promoted and their relevance for pro-poor income generation) • Impact of quick wins, identified through economic mapping, on the target group • Access to business related services by target group and their adequacy • Profitability of small businesses run by the target group 	<ul style="list-style-type: none"> • Household surveys • District/Village databases • Annual reports on the NSGPR • Project reports 	<ul style="list-style-type: none"> • Political tensions or armed disturbance or warfare, particularly in the lake Tanganyika area • Central or LGUs policy change significantly reduce active support for promotion development of the IGA sector • Regional economies vulnerable to external price-shocks • The poor are not able to take advantage of improved conducive environment (resulting in poor profitability of their businesses) • Change of mindset of local authorities is required to enter in public-private dialogue • Low capacity of grass-root associations hinders demand-led reform

Results	Indicators	Means of verification	Risks and hypothesis
R1. Improved capacity of local government in the intervention zone to facilitate pro-poor local economic development	<ul style="list-style-type: none"> • Economic opportunities identified and their relevance to the target group • Understanding of /attitude towards local Economic development by government officials • Type of coordination mechanisms to promote LED put in place and functional • Knowledge and understanding of national policies and programmes related to LED by local authorities • Tax system in the district 	<ul style="list-style-type: none"> • Baseline and project M&E reports • Regional and District database and reports • Minutes from coordination fora /platforms • Survey with LGU 	<ul style="list-style-type: none"> • Local government not ready to change attitudes towards private sector and LED • Stakeholders not interested in seeking dialogue • The target group is not sufficiently taken into account in the promoted LED • Low capacity of LGA of some Districts
R2: Improved capacity of business related service providers to respond to the needs of target groups (women, men and youth)	<ul style="list-style-type: none"> • Number of new instruments implemented by PSOs and their adequacy for the target group • Number of quick wins implemented and their impact on the target group 	<ul style="list-style-type: none"> • Baseline and project M&E reports • Regional and district databases 	<ul style="list-style-type: none"> • Service providers not interested in developing instruments and products for target group • Quick wins little impact on target group • Pro-poor instruments put in place are not sustainable

<p>R3. Increased capacity of target group to demand and access technical, entrepreneurial and business services</p>	<ul style="list-style-type: none"> • Number of functional business /income generating groups (by gender, age, wealth) • Knowledge and awareness of the target group on business related subjects • Access to financial services by the target group • Number of new technologies disseminated and adopted 	<ul style="list-style-type: none"> • Baseline and project M&E reports • District reports and database • Survey with target groups 	<ul style="list-style-type: none"> • Target group face too many (social, cultural...) constraints to get organised • Low education level of target group • Technologies adapted to target group are not available • Mechanisms for improving outreach of financial services are not sustainable
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Note: all indicators will be dis-aggregated by gender/age/wealth group where possible.

R1	Improved capacity of local government in the intervention zone to facilitate pro-poor local economic development: 646,500€		
N°	ACTIVITY	MEANS	COST
A.1.1	Elaboration of a baseline and set-up of an M&E system	<ul style="list-style-type: none"> • Preparatory meetings in each district • Consultancy 	75,000€
A.1.2	Mapping of economic opportunities in the districts.	<ul style="list-style-type: none"> • Consultancy • Meetings for analysis district, village plans 	62,000€
A.1.3.	Information and dissemination of national and local laws, procedures and programmes (BEST, MKUKUBITA, taxes, etc.)	<ul style="list-style-type: none"> • Meetings + travel to districts of RAS • Information storage; ICT (RAS) 	14,500€
A.1.4	Improve dialogue and coordination mechanisms to improve cooperation between the civil society, public and private sector	<ul style="list-style-type: none"> • TA to regional business councils • TA to LED fora /platforms in the various districts 	390,000€
A.1.5	Broaden understanding of linkages between investments and local economic development	<ul style="list-style-type: none"> • Training of district /village councils 	60,000€
A.1.6	Support the local tax reform process at district level, favourable to pro-poor LED	<ul style="list-style-type: none"> • Consultancy 	20,000€
A.1.7	Capitalization of experiences, sharing of information and feeding into policy fora on IGAs, Local Economic development and Private Sector Development at various levels	<ul style="list-style-type: none"> • Dissemination reports on best practices • Participation various fora • Exchange visits/meetings with similar programmes 	25,000€

R2	Improved capacity of business related service providers to respond to the needs of target groups (women, men and youth): 286,000€		
N°	ACTIVITY	MEANS	COST
A 2.1	Identification of priorities (based on opportunities) for development of instruments for improved business services	<ul style="list-style-type: none"> • Stakeholder meetings 	36,000€
A 2.2	Development and implementation of instruments to improve outreach and services to existing and potential clients, with focus on the target group	<ul style="list-style-type: none"> • Lumpsum for PSO Capacity building 	100,000€
A.2.3	Implementation of quick wins as practical examples of LED	<ul style="list-style-type: none"> • Lumpsum for implementation quick wins 	150,000€

R3	Increased capacity of the target group to demand and access technical, entrepreneurial and business services: 527,000€		
N°	ACTIVITY	MEANS	COST
A3.1	Awareness raising through facilitation of dissemination of information on important business related subjects (best practices, providers...) to the target group	<ul style="list-style-type: none"> • Meetings to collect and consolidate available info • Elaboration of IEC material (leaflet, rural radio, drama groups, etc.) • Allowances for dissemination 	36.000€
A3.2	Extension of the outreach of financial services in reaching target group of higher risk	<ul style="list-style-type: none"> • Baseline Study on financial institutions and instruments • Lumpsum for Micro-finance facilitation 	291,000€
A3.3	Facilitation of the Community development Offices in supporting the creation and capacity building of groups	<ul style="list-style-type: none"> • Contract management 	50,000€
A3.4	Promotion of innovative and new economic activities	<ul style="list-style-type: none"> • Lumpsum for Innovation development 	150,000€

7.2 PROVISIONAL IMPLEMENTATION CALENDAR

ACTIVITY			YEAR 1				YEAR 2				YEAR 3			
			Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
MANAGEMENT		Set up Project Steering Committee and procedures (JLPC)												
		Set up Project & finance management, procedures & reporting systems												
		Procure project equipment												
		Mobilise project staff												
RESULT 1	A.1.1.	Decide on modalities of base-line database												
		Conduct base-line data collection												
		Develop monitoring and evaluation system												
	A.1.2.	Mapping economic opportunities												
	A.1.3.	Facilitate information and dissemination of business legislation												
	A.1.4.	Facilitate dialogue platforms & coordination mechanisms												
	A.1.5.	Training and awareness raising in District Councils on PSD												
	A.1.6.	Support local tax reforms												
A.1.7.	Sharing experience, information in various fora													
RESULT 2	A.2.1.	Identification of priorities with stakeholders												
	A.2.2.	Development and implementation of instruments												
	A.2.3.	Identifying quick win opportunities												
		Supporting quick-win opportunities												
RESULT 3	A.3.1.	Making inventory of available resources												
		Producing IEC materials												
		Facilitation of dissemination IEC materials												
	A.3.2.	Identifying existing mechanisms and financial services												
		Making proposals for improvement of outreach of services												
		Implementation of proposals for improvement outreach services												
	A.3.3.	Group formation												
	A.3.4.	Organise promotion of innovative appropriate technology												

7.3 TOR LONG-TERM PERSONNEL

7.3.1 National Project Coordinator

Under the administrative responsibility of the Ministry of Finance and Economic Affairs, the National Project Coordinator will be charged with the coordination and the supervision of the Project. He/she will be assigned by the MFEA.

Main duties and responsibilities:

- Overall coordination of the programme;
- Coordination with and support to LGUs at Regional and Direct level in project implementation;
- Coordination with key-stakeholders in the IGA sector at national level, including with other donor interventions;
- Ensure that annual and semi-annual consolidated work plans and reports are produced and submitted in time to the JLPC, GoT and BTC-Resident Representative.
- Contribute to the identification and documentation of lessons learned and good practices;
- Monitoring of the overall financial commitments of Districts and the MFEA to the Project Budget;
- Monitoring physical implementation of the project in the field;
- Organisation and follow-up of the JLPC meetings, in coordination with the regions and National Technical Advisors;
- Responsible for administrative and technical arrangements relating to project closure;
- The NPC will be assisted by the ITA in issues related to policy and overall implementation of project activities

Profile:

- University graduate in Agronomy, Economy, Rural Development or any related field;
- At least ten years of professional experience of which 5 as coordinator of an income generating development project working with smallholders;
- Experience in coordinating inter-institutional teams;
- Experience with the International Cooperation;
- Expertise in gender issues.

7.3.2 Administrative and Financial Officer

The Administrative and Financial Officers will provide financial and administrative support to the intervention. The AFO will work with the districts, with the Project Technical Advisors and with the NPC and will be responsible for the projects' resource administration, including finance, stores, transport and supervision of sub-ordinate staff. He/she is recruited in direct management by BTC, with non-objection of MFEA and is functionally accountable to the DED and the JLPC.

Main duties and responsibilities:

Ensure proper financial management of the project:

- Ensure the respect of the BTC internal rules of Financial Management of Projects
- Administer general and analytical accounting and financial reporting;
- Consolidate the financial information at project level.
- Manage project funds, including budget monitoring and changes;
- Perform any other task as directed by Management;

Ensure the efficient and effective financial management of BTC funds by the Districts:

- Provide support and backstopping to Districts in their financial and administrative management.
- Assist Management in financial planning with District Accountants;
- Verify the bookkeeping of the Districts and check the conformity of the request for replenishment to the authorizing and co-authorizing officer.
- Check and validate the justification of the funds replenishments.
- Make sure that the Districts receive required and validated financial means.

Ensure proper management of human and material means:

- Administer procurement of services and goods in conformity with BTC's tendering process;
- Manage the project vehicles;
- Manage the project's material resources;
- Supervise sub-ordinate staff;

Profile:

- University degree in Business Administration, B.Com (general management) or equivalent, emphasis being on experience;
- 5 years working experience in similar jobs, at least 2 years of this should be on a project with an international organization;
- Good knowledge of Excel and Word;
- Good analytical and financial skills;
- Good command of English.

Recruitment:

The Administrative and financial officer will be recruited by public concourse organised by BTC, with participation of a representative of MFEA. MFEA will also approve the terms of reference for the post.

7.3.3 National Project Advisors (2)

The NTA will work in close cooperation with all stakeholders of the project and plays a leading role in facilitating and supporting all partners in the implementation of the project. He/she will also seek close cooperation with the other NTA(s) working in the interventions of the Belgian bilateral cooperation in the Region, to find synergy in their specific undertakings and make a clear division of labour to avoid overlapping. He/she is recruited in direct management by BTC, with non-objection of MFEA, and is functionally accountable to the DED and the JLPC.

Main duties and responsibilities:

- The NTA together with the District Council Management Teams is responsible for the correct and timely execution of the project's work plans at Regional and District level;
- The NTA together with the relevant LGA staff gives guidance to all staff involved in the execution of project activities in accordance with District policies and procedures, the Specific Agreement, and approved work plans and cost estimates using participatory, adaptive management procedures;
- Ensure that annual and semi-annual reports are prepared and submitted in time to the NPC and the JLPC;
- Determine the material requirements of the project and issues procurement instructions;
- Establish and maintain good working relationships with project participants, counterpart agencies, donors and other relevant organisations and government agencies;
- Share information about the project with other organisations and agencies as needed;
- Liaises and co-ordinates project activities with other relevant technical assistance projects;
- In consultation with the different dialogue platforms identify the need for specialist studies, draw up consultancy terms of reference and supervise fieldwork and report preparation;
- Take the lead in developing and implementing a project monitoring and evaluation plan.

Other duties:

- Participate in and contribute annual Project Planning Sessions;
- Organizing and facilitating participatory workshops.

Qualifications and experience:

- Graduate in Commerce, Business Studies or related field (additional experience in IGA issues and/or micro-finance is an advantage);
- A minimum of 5 years professional experience;
- The political, economic and policy environment and sectoral policies in rural development and the local government reform programme of Tanzania;
- Social and economical issues related to food production and marketing in rural areas;
- Demonstrated experience in capacity building in entrepreneurship;
- Excellent oral and written communication skills in Kiswahili and English;
- Must be computer literate, with Knowledge of MS Windows, Word and Excel;
- Willing and able to travel extensively with extended stays in remote and rural locations.

Duty Station: Each NTA will be stationed in one of the Districts of Kigoma and Coast Region.

Recruitment:

The NTA will be recruited by public concourse organised by BTC, with participation of a representative of MFEA. MFEA will also approve the terms of reference for the post.

SUMMARY PACA-METHODOLOGY

The Home of RED

What is PACA?

Introduction to PACA

PACA (Participatory Appraisal of Competitive Advantage) is a fast-growing, participatory, bottom-up, pragmatic and innovative approach to local economic development (LED). It is based on a set of tools that permit a rapid appraisal of the competitive advantages and disadvantages of a locality. It delivers concrete, practical proposals to stimulate the local economy (through the PACA exercise).

The PACA exercise starts with a kick-off workshop with the local stakeholders, followed by a series of interviews with local players (firms, business associations, supporting institutions, local government and others), and mini-workshops with groups and local actors. Depending on the size and diversity of the locality, this takes between one and two weeks. The diagnosis and proposals are elaborated and immediately presented afterwards. The presentation includes a moderated discussion with the local stakeholders. After the initial diagnosis, a planning session to operationalize the proposals should take place. Local actors take responsibility for the implementation of agreed activities. External consultants should offer subsequent support, but only on a limited scale.

The PACA methodology has gained some degree of visibility with development assistance donor organizations. As bottom-up territorial development increasingly becomes a focus of development assistance activities, there has been a search for adequate concepts and tools. PACA appeals to many development practitioners not only because it promises quick results, but also because it explicitly aims at generating a learning process and thus leads to an organic LED process that empowers local actors and leads to a dynamism that is sustained with local resources and skills.

PACA has been applied in more than 20 countries worldwide. It works best in cities and regions with a population between 20,000 and 400,000 inhabitants. It works in rural places as well as regions which host world-class industrial enterprises. PACA is not particularly suitable for application in cities or regions which are much larger, since the diversity of economic sectors and local stakeholders is too complex to be assessed by a rapid appraisal. However, PACA can be applied to diagnose one district or cluster within a large city or a value chain within a province.

The key features are:

- Action-oriented: PACA involves research. But the main outcome of PACA is not a research report but practical action to realize economic opportunities.
- Global leading practice at low cost: Conducting a PACA exercise is more cost effective than other approaches to launch or restart LED.
- Quick wins and rapid return on investment: PACA emphasizes the need to have quick wins in a LED process, and it provides tools to identify possible quick wins. For a local sponsor of a PACA, the investment in the PACA amortizes quickly.
- Aids local partnerships and collaboration: The PACA Exercise directly creates opportunities for local stakeholders, including business people, to immediately explore possible joint activities or business linkages.
- Local skills and capacity building: PACA emphasizes the need for local stakeholders to be actively involved in conducting a PACA Exercise, and to absorb as much as possible of the methodological foundations and tools involved in PACA.
- Boosts local competitive advantage: With PACA, you can launch a robust LED process that leads to the realization of business opportunities and growth potentials, creating more jobs and income for your town, city or region. PACA has also proved highly effective as a way of operationalizing strategic plans.

PACA is conducted by facilitators, not consultants. PACA facilitators take local stakeholders through a process of analyzing their locality, identifying possible activities to upgrade its competitiveness and planning implementation. PACA facilitators are neither supposed to conduct the research on your behalf, nor to take over responsibility for defining and implementing activities. PACA is based on the insight that LED only works if it is owned by local stakeholders. PACA has been applied in two types of settings:

- In places where local actors wanted to do something about LRED but were not sure how and where to start
- In places where local actors were already conducting specific activities targeted at LED, but the activities were isolated, and where the local stakeholders disagreed about the definition of the problems, and even more about the remedies

PACA is different from other approaches to LED in three respects:

- It is trying to identify strengths and opportunities, and ways and means of strengthening them further.
- It is aiming at quick, visible results, it is not starting with an attempt to formulate a grand strategy
- As it targets the early phase of a LED process, PACA includes very strong learning element. Learning and transfer of LED skills is not something that happens as a side-effect but is rather conceptualized as a key element of PACA.